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NEWS SUMMARY

GENERAL

29 Red Brigade members jailed

A Turin court yesterday sentenced 29 members of Italy's *Red Brigade to prison* terms totalling more than 200 years. The court acquitted 16 others and ordered a retrial for one man.

Red Brigades supporters immediately issued a warning that their "civil war" would continue and called on Italians to help "annihilate the anti-guerrilla forces."

Prison sentences ranged from 15 years for Renato Curcio and Pietro Bassi, two of the group's founders, to two years and three months for one defendant on minor charges. Page 2

Tarling reprieve

Mr. Richard Tarling, who was to be extradited to Singapore on Monday to face five charges under company law there, was given leave in the High Court yesterday to apply for a fresh order of habeus corpus. Back Page

Tank complaint

A Commons committee has attacked the Defence Ministry's handling of technical problems with the engine of the Chieftain tank. The committee praised the tank gun and range-finding equipment as first class but added that the tank had been "let down by its engine." Back Page

Refuge plea

About 5,000 battered women are likely to seek refuge each year for themselves and their children in London Women's Aid Centres. The London Boroughs Association is calling for an extra 850 places to be provided in refuges and a central telephone service to help find emergency accommodation for battered women.

Transition plan

The Yugoslav Communist Party has streamlined its leadership to ease the transition of power when President Tito retires or dies. The party congress also stressed the country's determination to maintain national independence. Page 2

Vatican ruling

Pope Paul yesterday affirmed the Vatican's stand against artificial birth control and said Roman Catholics must uphold "ethically responsible paternity." *Meanwhile, the Spanish Government* has rejected Socialist Party efforts to have birth control pills provided free. Government statistics *show* that 74 per cent of Spanish women favour family planning. Page 2

Art sale funds

Public funds were made available for West German museums to *purchase works from the Robert* von Hirsch art collection. After five of the eight sessions the Sotheby's, London, auction of the *collection has reached £12½m.* At a Christies sale in London yesterday, a George Stubbs painting sold for £300,000. Page 4.

Briefly . . .

A Mozambique communique says Rhodesian troops killed 17 Rhodesian refugees and two Belgians in a border attack. Page 2

Quebec Provincial Assembly has passed a Bill establishing the framework for a referendum on whether Quebec should secede from Canada. Page 2

Indian Congress Party workers who had pledged to donate blood equal to Mrs. Indira Gandhi's weight tripled their target. They donated 372 lb to the Red Cross. Page 2

The Department of Education is to review the system for deciding parents' contributions to student grants.

Voting in the devolution *referenda in Scotland and Wales* will take place on the same day, the Government announced.

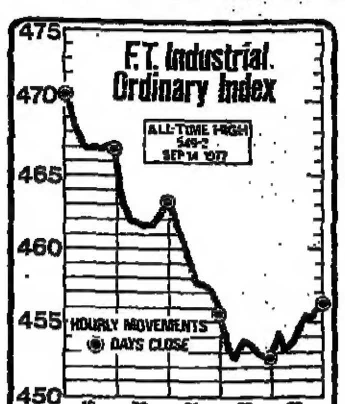
Namibia has been admitted to *full membership of the International* Labour Organisation, in *spite of legal objections* that it is not yet an independent state.

All three triplets born in Mendoza, Argentina, have been named Mario in honour *of striker* Mario Kempes, who led *Argentina into the World* Cup final on Wednesday.

BUSINESS

Equities rally, Gilts dull

● EQUITY leaders *staged* a small technical rally as the *account drew to a close. The* FT 30-Share Index rose 3.6 to



456.3 for a loss of 14.3 on the week. Most second-line equities continued the downward path.

● GILTS ended dull after a steady to firm start. The Government Securities index fell 0.48 to 69.21 for a decline *of 1.23 on the week.*

● STERLING improved against the dollar, as did other currencies. *It closed 1.1 cents higher* at $1.8490 but its trade weighted index was unchanged at 61.4. The dollar's trade weighted depreciation fell to 6.8 (6.3) per cent. It again reached new lows against the yen, touching Y206.3 in London before closing at Y207.5 (Y211). Back page

● GOLD rose $1 to $186¼ in quiet London dealing. The New York June settlement price was 60 points down at $185.80.

● *WALL STREET* closed 4.68 lower at 823.02.

Westland may dismiss 2,000

● WESTLAND AIRCRAFT, *which is negotiating a new wage* formula with the 2,000 manual *workers at its Yeovil helicopter* plant, is believed to be on the *point of issuing dismissal* notices to them.

Problems have arisen because the group wants to end the piece-work system *of payments which* applies to less than half the manual workers. Back Page

● BL CARS shop stewards will urge the workforce at Longbridge, *Birmingham* to adhere to official procedure and spurn wildcat action. The move follows management efforts to have credentials withdrawn from two shop stewards who led an unofficial dispute. Page 4

● BRITISH STEEL could be running into new difficulties in its fight to reduce its losses, Mr. Gerald Kaufman, *Minister* for Industry, told the Commons. Page 3. Workers who failed to save iron and steelmaking at Shelton are demanding £50,000 a head in redundancy payments. Page 4

● *JAPAN'S tariff-cutting* offer is disappointing to the EEC. Page 2

● BRICK deliveries rose to 476m in May from 447m in April although production fell to 398m from 402m. Page 4

● FIRESTONE *may* be told to the U.S. because of an alleged basic defect. Back Page

COMPANIES

● SIEMENS of West Germany has gained full control of Osram, the world's *fourth biggest* lamp maker, after acquiring General Electric's 21.4m per cent share. Page 19

● JOHN BROWN increased pre-*tax profit to £23.2m (£10.88m)* in the year to March 31. Page 16 and Lex

● RELIANT MOTOR incurred a pre-tax loss of *£416,000* in the six months to March 31. Profits came to *£229,000 in* the first seven months of 1976-77 and to £360,000 *for the full year.* Page 16

● AMEY ROADSTONE and Peabody Holmes announced a co-operative venture to establish operations overseas. Their first targets will be the Middle East and North Africa. Page 3

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Beecham	637	+ 7
Brown (J.)	372	+ 26
Hawker Siddeley	208	+ 4
Racal Electronics	252	+ 4
Toye	66	+ 4
Oil Exploration	240	+ 12
Shell Transport	547	+ 17
Anglo Utd. Devs.	215	+ 31
De Beers Defd.	412	+ 24
Metals Exploration	27	+ 4
Northern *Mining*	90	+ 10
Pacific Copper	40	+ 5½
Tanganyika Cons.	152	+ 6

FALLS

Exchequer 12pc '13/17	£13¼	− ¾
Brentnall Beard	30	− 4
Decca "A"	420	− 18
Finlay (J.)	367	− 8
IC Gas	348	− 9
Jardine Secs.	136	− 7
Spirax-Sarco	150	− 6

Ministers study £17,000 rise for State chairmen

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

Proposals for giving nationalised industry chairmen pay rises of nearly £17,000 a year, which would add more than 70 per cent to their present £23,000 salaries, are being studied by the Government.

The rises have been put to the Prime Minister in a report from the Boyle review body on top *salaries,* which also proposes smaller rises of up to about *£10,000 a year for senior armed* forces officers, judges and civil *servants.*

The report, which may be pub*lished* within the next fortnight, poses one of the most politically *embarrassing problems for the* Government since the present *round of pay restraint began.* The Cabinet failed to reach a decision *on what to do when it considered* the matter on Thursday.

In addition to the general nationalised industry increases *to £40,000,* the report also proposes even larger rises for the *chairmen of the National Enter*prise Board and the British *National Oil Corporation* which, it says should go up by about *80-90 per cent to £60,000* to £65,000 a year.

*On Thursday the Cabinet con*sidered whether it could phase the *rises over the next two years* or so in the same way that it *did recently with increases* averaging 30 per cent for doctors *and dentists and the general* armed forces.

It would be difficult to do so for the industry chairmen who have been put up *for rises twice* as large, at 70 per cent, without seriously angering union leaders and upsetting the spirit of co-operation which the Government wants to sustain as it enters discussion on the next phase of its pay policy.

Memories of the bitterness and political rows that the level of *the armed forces rises caused a* couple of months ago are still *fresh in the Prime Minister's* mind and he knows that the chairmen who have not had a major pay rise for several years, *are in a militantly outspoken* mood.

Ignored

Lord Boyle, chairman of the review body, will be angry if its recommendations are ignored. His last report in 1974 was not *implemented in full* by the Government and the new report, now in the hands of Ministers, bluntly states that there is little point in having a review body if its proposals are not accepted. *This is the nearest that Lord* Boyle and his colleagues have *come publicly so far to threaten*ing to resign.

In order to underline the urgency of the problem in the *nationalised industries,* the report, which was signed by the Boyle review body *and sent to* the Prime Minister on June 8, gives net salary figures as well as gross sums. It points out *that its £40,000 proposed rate for* the chairman would produce only about *£16,800* net after tax.

The £40,000 would go to chairmen of industries such as gas, electricity, coal, railways and *airways.* *New levels also are* fixed for the most recently *nationalised industries — ship*building and aerospace—and *allowance is made for the fact* that in 1974 it was proposed that the chairmen of the Post Office and British Steel should earn several thousand more than their colleagues. There are also smaller rises for lesser State concerns.

All the proposals are based on a study of comparable salaries for chairmen in the private sector.

The reason why the chairmen. and their nationalised fellow board members, are being put forward for more than the other groups covered by the report is that they did not receive anything in 1974 when the Boyle *report recommended* up to £16,900 each. Top civil servants, *Forces officers and judges,* however, received an initial rise of *up to £4,000* a year.

An added problem is that the *Government allowed* the chairmen and their board colleagues *rises of 5 to 10 per cent at* Christmas which, under the pay *policy 12-month rule, could mean* that they should receive nothing *more till the end of this year.*

Steel demands general election in autumn

BY PHILIP RAWSTORNE

MR. DAVID STEEL, the Liberal leader, yesterday virtually ensured an October General Election with a blunt warning to the Government that the Liberals would help to bring it down if it tried to carry on until next year.

In a major policy speech to the *Scottish Liberal conference* in Perth, Mr. Steel said he had *advised Mr. James Callaghan* of the party's intentions some weeks ago.

"I am now making this specific and *public demand for an* autumn election," he declared.

The *limited objective of the* Lib-Lab pact to provide the political stability *for the first* stage of economic recovery had *been achieved.*

But the country's problems *now had to be tackled with fresh* determination by a fresh govern*ment.*

Confidence would be undermined if the Government tried to operate on a day-to-day basis in the Commons. "It would be bad for Britain and we would be bound as a party to seek to end it and secure a general election," he asserted.

Liberals had also long campaigned *for four-year, fixed-term* Parliaments and an end to the system in which the election date was decided according to party advantage.

The Liberal leader's ultimatum reinforces the already considerable pressures on Mr. Callaghan to go to the country *in October.*

Some ministers believe Labour's cause *would be helped if it* were forced to the polls by defeat in the Commons

But only a marked reversal in the present rise in the Government's popularity and the prospects of an inevitable defeat in an October poll are now likely *to tempt Mr. Callaghan to hang* on.

*Writs were issued in the Com*mons yesterday for the by-elec*tions on July 13 in the Labour* seats of Manchester Moss Side *and Penistone which will give* the Prime Minister another indi*cation of the public mood before* the summer recess.

Mr. Michael Foot—whose appearance with Liberals and *Welsh Nationalists* at a devolution meeting in Wales today has been sharply criticised by some Labour MPs—said in a BBC television interview last night that Labour had a good chance of securing an overall majority.

In Perth, however, Mr. Steel boldly predicted that the Liberals would retain their 13 seats and could make gains. "We can rid Britain of both the unacceptable face of socialism *and the unacceptable face of* Toryism," he declared.

Another hung Parliament would see the Liberals in a *stronger position not only to* restrain the extremism of Left *or Right but to exert greater* influence over a new government *programme.*

Gaining overwhelming endorse*ment from the conference for a* policy of co-operating in a *future minority government* with either the Tories or Labour, Mr. Steel stressed that electoral reform would be an essential pre-condition of any new pact.

Senior Tories last night greeted Mr. Steel's talk of a possible Lib-Con pact with derision.

Mr. Francis Pym, Tory spokesman on devolution, asked: "Why did the Liberals save the Government's bacon last week when they want to see it fried, in the autumn?"

He added: "The Liberals entered the pact with Labour to save themselves from electoral destruction last year. They are

Continued on Back Page

Deutsche Babcock—Soviet deal

BY GUY HAWTIN

FRANKFURT, June 23.

DEUTSCHE BABCOCK, the large West German heavy engineering and generating equipment manufacturer, has signed a co-operation and joint venture agreement with the Soviet Union.

*Under the terms of the agree*ment, which was announced here today, *the German concern* and the Russians will work together on the design and manufacture of power station equipment not only for the Soviet market but also for sale in third countries.

Deutsche Babcock said it was impossible to put a value on the contract.

It was a co-operation agreement which was expected to result in a large number of contracts from *individual* customers. It was impossible to estimate the *amount they would* earn for either partner.

The agreement, which was about a year in negotiation, covers the sharing of technological knowledge and the joint manufacture of power station equipment, power station components and other heavy engineering equipment.

The two partners foresee important earnings from the sale of licensing agreements as well as equipment to third countries.

Deutsche Babcock sees the agreement, *which follows closely* the West German - Russian economic *co-operation agree*ment, as being a vital part of its overseas marketing strategy.

It said it expected to benefit from Russian access to Africa, East Asian and South American markets. It could also improve sales to OPEC countries.

The company already does considerable business with Eastern Europe and the new co-operation agreement is obviously seen as likely to enhance its sales to Comecon countries.

A major shareholder in *Deutsche Babcock is the Iranian* Government which in 1975 *bought out the 25.02 per share* owned by Babcock and Wilcox, *the British concern, for £31.7m.*

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FEATURES

For latest Share Index 'phone 01-246 8026

Discount cuts may put 1p on a loaf

By Elinor Goodman, *Consumer Affairs Correspondent*

THE PRICE of bread could go up by 1p or so a loaf in some shops because of a cut in trade discounts proposed yesterday by Ranks Hovis McDougall.

The move is the first attempt to improve profitability in the industry since Ranks and *Associated British Foods* between them bought in April what was *left of Spillers bread interests.*

The withdrawal of Spillers from the market means that there is less spare capacity in the industry and the remaining bakers may be in a slightly stronger position to negotiate terms with the retail trade. All *the bakers have blamed mounting* losses in the industry in part on *the escalating level of trade dis*counts.

Closure

Whether or not Ranks can make its new trade terms stick depends on two factors: the strategy adopted by its competitors; and the Price Commission.

In spite of the closure of 23 Spillers bakeries, there is still some spare capacity in the industry and either Associated or some of the smaller independent bakers may decide to go for volume rather than fall in with Ranks.

Yesterday Associated, which traditionally has been the *maverick of the industry, said* it would consider its position on *Monday. The first response of* Mr. Garry Weston, chairman, to *the news was: "Thank goodness* somebody wants to make money *out of bread."*

The Price Commission said that it was watching the situation: for purposes of price controls, a cut in discounts is the same as a price increase. But, even if it decides to investigate Ranks it is unlikely that it would be able to prevent the discount reduction going ahead

Profits

Last month, Ranks reported pre-tax profits for the six months *to the beginning of March down* 23 per cent at £16m. The fall was largely blamed on *losses made on* bread.

Yesterday, *it said that* the closure of the Spillers bakeries was not enough to correct the economics of bread baking. For *this reason it intended* re-introducing the ceiling of 22½ per cent on trade discounts which was enforced by the Government *until January of last year.*

Only very big customers will get a further 2½ per cent cut and then only if the size of the deal means costs are reduced in other ways.

FIVE-VOTE FAILURE TO RATIFY

Senate will reconsider tax treaty

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, June 23.

THE U.S. Senate this afternoon voted to reconsider *next Tuesday* its vote of this morning denying *ratification to the Anglo-Ameri*can double taxation agreement.

It did so after the U.S. Treasury had passed word to Capitol Hill that the Administration was prepared to accept deletion from the treaty of its most controversial clause.

This would have exempted British companies from the unitary tax provisions operated in three western states, most noteably California, whereby the state levies taxes on the basis of a company's world-wide income and not merely on its operations inside the state.

There were grave doubts here this evening, however, over whether the British Government could abide by a treaty which Parliament has already approved, but which the Senate appears about to change materially.

While the Administration remained non-committal, the view in Congress was that Britain might well be forced to seek a renegotiation of the treaty, which was agreed in principle two and a half years ago.

Amendment

The feeling was that, if Britain were to lose the valuable concession of exemption from unitary taxation, then it was thought likely it would withdraw the substantial concessions it had made in freeing American investors from key provisions of advanced corporation tax.

The U.S. Treasury has calculated that this would produce a once-and-for-all tax refund of about $365m to U.S. shareholders and a tax reduction of about $85m a year thereafter.

The earlier Senate vote had shown 49 senators in favour of ratifying the treaty as it stood and 32 against—five votes short of the necessary two-thirds majority of those present and voting.

The treaty's cause had appeared doomed shortly beforehand when the Senate rejected —but by only 44 votes to 32—a crucial amendment tabled by Senator Frank Church, the Idaho Democrat, which would have removed article 9, section 4 (the unitary tax exemption clause) from the treaty.

The Administration now says it can live with this amendment and it is felt in Congress that this will guarantee passage of the agreement.

Behind the objections to the treaty lies the fact that it appeared to circumvent States' rights—specifically the authority of the States to levy local tax*ation in any way they think fit.*

Compounding this was the suspicion that multinational companies, to which Congress frequently shows aversion, would be the prime beneficiaries of the exemption.

The U.S. Government may now feel obliged to submit separate legislation defining the authorities of the State in taxation matters, but this would be a time-consuming process with uncertain results.

This was, after all, a solution suggested in the first instance by opponents of the treaty, notably Congressman Al Ullman. Mr. Ullman comes from Oregon, which uses unitary taxation, and is also chairman of the House Ways and Means Committee, from which all tax Bills must emanate.

The treaty in its unamended form had been vigorously supported by both Government, commerce and industry. Governor Jerry Brown of California also backed it after a late conversion.

The Senate, however, successively consumed by protracted debates over the Panama Canal treaties and labour law reform, had shown little interest in the issue in spite of some vigorous lobbying.

In California there had even been legislative moves after Governor Brown's change of heart to mitigate the impact on foreign companies of unitary tax in the state. Californian officials calculated that this could bring about $30m a year from British companies alone and as much as $200m a year from all foreign-based corporations.

But two such Bills have died in the state legislature and cannot now be revived until next year.

Leading British companies operating in California include *many of the main commercial* banks, EMI, Unilever and Royal Dutch Shell.

In Alaska, which also operates *unitary taxation,* the state brings in an estimated $10m-*$15m from this system, a fair* proportion of which is paid by British Petroleum.

In the absence of any new treaty, the existing Anglo-U.S. double taxation agreement, first passed in 1945 and since countless times amended, remains in force.

£ in New York

—	*June 23*	*Previous*
Spot	$1.8465-8475	$1.8410-8420
1 month	0.42-0.32 dis	[illegible]
3 months	1.40-1.32 dis	1.40-1.30 dis
12 months	[illegible]	[illegible]

OVERSEAS NEWS

Japan offer on tariff cuts 'disappointing' to EEC

BY CHARLES SMITH

TOKYO, June 23.

THE EEC finds the tariff-cutting offer made by Japan at the multilateral trade negotiations in Geneva "disappointing," and may be forced to reduce its own offer unless Japan takes steps to improve on it, said Sir Roy Denman, EEC Director-General for External Relations, today at the end of two days of talks with his Japanese opposite number.

Sir Roy said that the trade negotiations settlement expected early next month represented the last opportunity advanced countries were likely to have for many years to cut tariffs on a reciprocal basis. The Community hoped not to have to deal with the situation by withdrawing part of its own offer. But the final settlement would have to be one that could be defended to the European Council of Ministers.

Agreement was fairly near on *another difficult issue* — the hammering-out of an acceptable selective safeguard clause, Sir Roy said. The EEC felt this would be necessary to deal with cases of excess market penetration that might result from the growth of exports of some developing countries in the next few years.

The clause would require countries invoking the safeguard to justify their action in front of a committee of signatories of GATT.

The remaining problems connected with the safeguard clause were centred on the quantitative import restrictions maintained by some European countries, Sir Roy said. He hoped that these could be settled by early July.

Sir Roy said that Japan had "asserted" during discussions on bilateral trade relations that there was now a downward trend in its surplus with the Community. His own view was that there were "some encouraging signs" in the current situation, but that a clear trend could not yet be identified.

The picture looked different, according to which currency trade figures were denominated in. There were also erratic month-to-month changes in the *figures*.

To back up his views, Sir Roy quoted three sets of figures for recent two-way trade between Japan and the EEC based on dollars, yen and European units of account. The yen figures showed the surplus during the first five months of the year diminishing by 13 per cent from the same period of last year, whereas the dollar figures showed a 6 per cent enlargement of the surplus, and the European unit of account figures an increase of 11 per cent (for the first quarter of the year only).

Sir Roy said the Commission would withhold judgment on the state of Japan-Community trade relations for the time being, and would resume its monitoring of the situation early in October.

Sir Roy described the talks as extremely valuable, despite the lack of conclusion on trade issues. The periodic "high level talks" between EEC and Japanese officials was the beginning of a "regular, friendly and comprehensive link" between the two countries.

● Japan today decided to speed up plans for emergency imports and export curbs to cut the country's huge foreign trade surplus, according to Mr. Toshio *Komoto*, International Trade and Industry Minister.

But the decisions reached at the much-heralded meeting of the Government's economic council, which took place against the background of a sharp rise in the value of the Japanese yen this week, fell short of the expectations of many bankers and financial experts.

Canada wins $3bn credit facility

BY VICTOR MACKIE

OTTAWA, June 23.

THE CANADIAN Finance Minister, M. Jean Chretien, today signed an agreement on behalf of Canada in New York with a group of international banks for a new U.S.$3bn revolving credit facility to be used to defend the Canadian dollar if necessary.

The new credit facility complements several other external financial arrangements made by Canada since last October. These include a $2.5bn revolving standby credit facility with the Canadian chartered banks, a $750m bond issue offered publicly on the U.S. market and a DM1.5bn borrowing in Germany.

The new $3bn credit facility is to be available for eight years. During the first four years the amount available to Canada will be $3bn, while in the succeeding years the amount will be reduced in steps to $1bn for the eighth year. Canada will have the option at any time to cancel without penalty all or any portion of the facility unused at the time of a cancellation.

Interest rates on borrowings will be the average of the prime lending rates of a represetantive group of U.S. banks, with an additional one-quarter of 1 per cent per year being payable during the final four years of the agreement.

Canada will pay a commitment fee of one-quarter of 1 per cent a year on the unused portion of the facility.

The new $A3bn credit facility was managed by the Citicorp International Group, together with Bank America International Group, Bankers Trust Group, Chase Manhattan Ltd., Chemical Bank, Continental Illinois Ltd., Dresdner Bank AG, Manufacturers Hanover Ltd. and Union Bank of Switzerland. Over 90 U.S., European and Japanese banks participated.

Quebec work bar battle

BY OUR OWN CORRESPONDENT

OTTAWA, June 23.

M. PIERRE TRUDEAU, the Canadian Prime Minister, is seeking advice from the Federal Department of Justice on how to handle a battle that has broken out between the Quebec and Ontario Governments over a ban on Ontario residents working in Quebec.

He told the Commons he had asked for advice on whether the matter should be referred to the Supreme Court.

Ontario's Conservative Government has announced that it will bar Quebecers from working on construction sites in Ontario unless the Federal Government challenges in the Supreme Court a new Quebec law which prevents most Ontario construction workers from taking jobs in Quebec.

Premier William Davis of Ontario has written to Premier Rene Levesque of Quebec outlining Ontario's position and offering to meet him to try to solve the dispute. M. Levesque said today that in Quebec city his government could not change its policy and would not delay implementation of the law, which comes effective on July 1.

Peking clash with local leaders

BY COLINA MacDOUGALL

IN SPITE OF apparent agreement on most national policies, Peking is still facing serious trouble from provincial leaders who do not implement orders.

This emerged clearly from a recent issue of the Peking *Peoples Daily which* carried on its front page an instruction from an unnamed "leading comrade" of the central committee to the top party official in Shensi province. He was warned to run affairs properly around the Communists' old northern base of Yenan.

It was hitherto unheard of for a Chinese leader to criticise a senior official publicly, unless he was in disgrace. Although no names were mentioned, every reader will know that the Shensi official in question is Li Jui-Shan.

His last public appearance as Shensi leader was on June 14. *Li has worked in Shensi province* since 1968, but for the previous 10 years was a colleague of the present party chairman, Hua Kuo-Feng, on the *provincial* party committee of Hunan.

Whether the warning is a sign of a split at the centre remains to be seen, but it certainly adds to the mounting evidence that provincial difficulties are continuing on a considerable scale.

Other hints of trouble revealed in broadcasts are probably just the tip of a large iceberg of political infighting and corruption in Shensi.

● Relations between Cambodia and Vietnam *have further* detiriorated with what is believed to be the first broadcast over Hanoi radio calling on Cambodians to overthrow the present regime in Cambodia.

A defector, describing himself as a former battalion commander in the Cambodian army, called on his fellow soldiers to topple the Cambodian leadership

Smith 'would attend talks'

By Tony Hawkins

SALISBURY, June 23.

PRIME MINISTER Ian Smith today said he and his black allies in the ruling Executive Council would attend a new Rhodesian settlement conference if they felt it would be constructive and stood a chance of success.

But he reaffirmed the Executive's Council's belief that an all party conference with the Patriotic Front guerrilla alliance, which Britain and the U.S. are trying to set up, would be abortive.

Facing a barrage of questions from black MPs in parliament, Mr. Smith said: "We are not opposed to going to another conference. What we are opposed to is going to one which we believe will be abortive.

"As long as we were satisfied that arrangements were constructive and there was a chance of making progress we would go, but otherwise we believe it would be counter-productive."

Mr. Smith continued: "I am not asking for any guarantees. I am simply asking that the conditions under which the conference would be held would be constructive and would give hope of success."

He and the black Executive Council members, Bishop Abel Muzorewa, the Rev. Ndabaningi Sithole and Chief Jeremiah Chirau, believed it was in the national interest to proceed as rapidly as possible with the full implementation of the internal settlement agreement which they signed on March 3.

The Executive Council, he said, had repeatedly stated that the externally-based PF leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe, were welcome to participate in the Salisbury settlement exercise on an equal footing and contest the proposed one man, one vote elections at the year's end.

The external leaders have rejected this invitation and have consistently demanded that they should take control of the country in both the civil and military spheres and that the security forces should virtually be disbanded.

"In the light of the obdurate attitude of the external leaders, the Executive Council is not convinced that it would be in the national interest to delay implementation of the Salisbury agreement by attending a conference which has no hope of success.

Socialist accord on Europe

By Margaret van Hattem

BRUSSELS, June 23.

THE BRITISH Labour Party tonight joined other European socialist parties in signing a general declaration of principle designed as a framework for a more specific manifesto for next year's direct elections to the European Parliament.

But Mr. Ian Mikardo, chairman of the party's international committee, indicated afterwards that the party was not committed to the joint manifesto with the other parties. He said the British party might write its own manifesta within the framework of tonight's declaration.

This, it is suggested, would not impose any restrictions. The declaration is extremely general, even on unemployment, one of the main planks in the socialist platform. Here it confines itself to general principles such as distributing available employment more equally by shortening the working week and lowering the retirement age.

None of the party leaders present appears likely to stand in next year's election. Even Herr Willy Brandt, president of the West German Ssocial Democrats, who had earlier declared himself ready to stand, indicated he was having second thoughts.

M. Francois Mitterand, French Socialist leader, and Mr. Joop den Uyl of the Dutch Labour Party, said they were otherwise engaged.

Disagreement between UK and Cyprus

By David Tonge

TALKS in London yesterday between the President of Cyprus, Mr. Spyros Kyprianou, and the British Prime Minister, Mr. James Callaghan, ended in disagreement.

Mr. Kyprianou proposed that the next step should be an international conference under the auspices of the UN or of a committee of members of the UN Security Council to implement previous resolutions. He also repeated his recent suggestion that Cyprus should be demilitarised. Speaking after his talks with Mr. Callaghan, he called for the withdrawal of the Turkish and Greek troops and said there should be no Cyprus army, merely a bicommunal police force under UN supervision. He also dismissed the proposals for a settlement tabled by the Turkish side on April 13.

Mr. Callaghan had told him that it only favoured the UN playing a role in so far as this involved the Secretary General, Dr. Kurt Waldheim, bringing the two communities to a negotiating table. The British view is that an international conference, the idea of which was originally proposed by the Soviets in 1974, would not be helpful.

Red Brigade terrorists sentenced

BY PAUL BETTS

ROME, June 23.

ITALY'S celebrated Red Brigade trial—interrupted twice by terrorist killings—ended finally in Turin tonight when 29 of the 49 accused were sentenced to a total of 210 years in prison on charges of armed subversion against the State, kidnapping and armed robbery.

Renato Curcio, the ideological *founder of the extreme* left-wing movement — which claimed responsibility for the kidnapping and murder of Sig Aldo Moro, the former Prime Minister—was given a sentence of 15 years. But he and others of the accused have still to appear on more serious charges, including murder.

To show their contempt for the whole judicial process, Curcio and his co-defendants refused to leave their cells for the formal sentencing, which came after 54 court hearings in the Turin La Marmora Barracks surrounded by massive security.

The jury took more than 100 hours before returning its verdict, an all-time record in Italian judicial history. Since the start of the trial in March, only a few days after the kidnapping of Sig Moro, the barracks have been besieged by hundreds of police backed by army units.

The original trial opened some two years ago but was postponed following the murder by Red Brigade terrorists of Sig Francesco Coco, the Genoa Procurator General, his chauffer and bodyguard. It was delayed again last May when the court was unable to constitute a jury after a concerted intimidation campaign culminating in the assassination of a leading Turin lawyer on the eve of the trial's opening.

The Italian authorities were determined to conclude the trial this time, especially following the trauma of the Moro affair.

Of the 49 Red Brigade members on trial—only 15 of the terrorist leaders have been in custody—the court tonight sentenced 29 of them to terms of imprisonment ranging from two to 15 years, and acquitted 16 of them.

Over the past 48 hours security forces have become concerned at the possibility of a major outbreak of terrorist violence to mark the end of what is widely regarded as Italy's most celebrated post-war trial. In the past two days, ultra-left terrorists murdered a Genoa police officer in a crowded bus and "knee-capped" a senior employee of the Alfasud car plant near Naples.

Indian Minister criticises Janata

The crisis in the ruling Janata party appeared to deepen yesterday when the powerful Home Minister, Mr. Charan Singh, said that yesterday's disciplinary action by the party's leaders against the Health Minister sounded "the death knell" of the organisation, writes K. K. Sharma from New Delhi. He said this after conferring with the Health Minister, Mr. Raj Narain, and other followers in the party faction which Mr. Charan Singh leads, thereby suggesting that he planned to breakaway *from* the Janata.

End to monopoly of Western Union urged

THE U.S. Commerce Department's National Telecommunications and Information Administration has urged an end to Western Union's telegraph monopoly, Reuter reports from Washington. The agency said it believed that the telegraph service, viewed in the context of the rapidly evolving telecommunications industry generally, should be "substantially, if not totally, deregulated" as well as competitive.

The comment came in a filing with the Federal Communications Commission as part of the Commission's consideration of whether to open up domestic public message services.

Soviet manoeuvres

The Soviet Union has not invited Western observers to attend land and air manoeuvres by 30,000 Soviet troops next month in East Germany, Reuter reports from Brussels. The 1975 Helsinki security accords require NATO and Warsaw Pact countries to inform each other of large-scale exercises, but there is no obligation to invite observers. Since 1975 Warsaw Pact nations have invited Western observers to four of the eight manoeuvres of which they gave notice to NATO.

Salonica return

Many of the 500,000 people who fled from Salonica after Tuesday's earthquake ventured back to the city yesterday as it struggled to return to normal, Reuter reports from Salonica. Some came to see if their homes were safe to return to, others to collect belongings. At least 42 people died in the earthquake when an eight-storey block of flats collapsed, and as rescue workers dug carefully into the debris police said they still *feared a higher death toll*.

Irish jobless down

Unemployment in the Republic of Ireland has fallen below 100,000 for the first time in four years, according to the latest figures, writes our Dublin correspondent. The Government, which has promised to abolish unemployment if its policies are followed over the next five years is certain to claim the figures as proof that its policies are working. Opponents, however, will point to the resumption of emigration, believed to be running between 10,000 and 15,000 a year, mostly to Britain, as at least partly responsible for the decline.

Dutch transport strike

PUBLIC SERVICES in Holland's major cities came to a standstill when workers held a one-day *strike to protest against forthcoming* Government spending cuts. Reuter report *from* The Hague. Thousands of people used bicycles to get to their jobs or stayed at home for a *long* weekend to beat the stoppage of bus, train and tram services.

ILO admits Namibia

The International Labour Organisation (ILO) has admitted Namibia (South West Africa) as a full member, overriding legal objections that this South African-administered territory was not yet an independent state, Reuter reports from Geneva.

Korean co-operation

South Korea yesterday proposed the creation of a consultative body "for the promotion of South-North economic co-operation" to assist trade, technical and capital co-operation between South and North Korea.

Crown Prince Fahd of Saudi Arabia (with West German Chancellor Helmut Schmidt at yesterday's joint news conference in Bonn) said at the end of his three-day visit to West Germany that Saudi Arabia was not interested in replacing the dollar as its main reserve currency. Asked if his Government was interested in using the Deutschemark for this role, the Saudi leader said: "The question of the replacement of the dollar is unfounded." Prince Fahd repeated the Saudi position on oil prices, saying that his Government was against a price rise. Asked about the impact of the dollar's decline in value, the Prince said that Saudi Arabia had suffered to some extent but that the country's main concern was to try to help the world solve its inflation problems.

USSR and Turkey in non-aggression pledge

BY OUR OWN CORRESPONDENT

MOSCOW, June 23.

MR. BULENT ECEVIT, the Turkish Premier, today signed a political document with the Soviet Government reaffirming a mutual non-aggression pledge made in 1972 by the two countries.

"The whole document is proof and pledge that two neighbouring countries have no aggressive intentions, respect their independence, territory, different regimes and way of life," he said later at a news conference. The document was also signed by Mr. Alexei Kosygin, the Soviet Premier.

Mr. Ecevit said the new document will have no bearing on Turkey's commitments as a member of NATO. "Defence is something else from aggression," he stated. "I don't think that NATO has aggressive intentions."

Mr. Ecevit has recently been in Washington to urge an end to the embargo on the supply of weapons to Turkey voted by Congress in 1975, after Turkey invaded Cyprus in 1974. The Carter Administration has asked Congress to reverse the ban. Mr. Ecevit said the Russians "refrained from offering military supplies and we haven't asked for them."

The Prime Minister said he believed there were "hopeful signs in U.S. Congressional circles" that the arms embargo would be ended. He refused to speculate about his Government's course if the embargo is not lifted.

During two days of talks here, the Turks and Russians agreed to a new oil trade agreement and joint oil exploration of the Black Sea. Moscow has agreed to provide about 3m tons of oil annually to Turkey in return for wheat and metals.

Yugoslav Congress ends with big ovation for Tito

BY ANTHONY ROBINSON

BELGRADE, June 23.

YUGOSLAVIA'S determination to resist superpower attempts to subvert the non-aligned movement abroad while developing socialist self-management and national independence at home have been the major themes of the Eleventh Congress of the Yugoslav League of Communists, which ended as it began, with a standing ovation for President Tito.

Without mentioning the Soviet Union by name, both President Tito and the former Foreign Minister, Mr. Milos Minic, made clear that Yugoslavia sees what it describes as "hegemonism" as the main enemy of the non-aligned movement, particularly in Africa.

Against this background, the announcement that Mr. Hua Kuo-feng, the Chinese leader, would visit Belgrade this autumn represents another major underlining of Yugoslavia's independence from Moscow. This independence has also been asserted by continual, and heavily applauded, reference to the efficiency of the army and security forces throughout the conference.

In terms of domestic politics, this Congress endorsed the "leading role" of the LCY, rejuvenated the Central Committee by the election of 96 new members to this 165-strong body and created a streamlined 24-member presidency of the Central Committee. The new, smaller presidency, with Mr. Stane Dolanc as its secretary-general, will henceforth be the main executive body. It has been designed to form a central core of authority in a highly diffuse system and as a kind of collective leadership to guarantee continuity in the eventual post-Tito period.

● Chris Bobinski writes from Warsaw: Mr. Edward Gierek, the Polish leader, denied today that any changes in the Comecon statute were to be discussed at the forthcoming Comecon summit meeting in Bucharest at the end of this month. The denial seemed aimed at earlier reports that the summit was to discuss new voting proposals which would mean a shift from the unanimous voting procedure at present in force to a system making majority decisions binding on all member countries.

Harder line by Israel on U.S. peace role

By David Lennon

TEL AVIV, June 23.

ISRAEL is adopting a more aggressive attitude towards the U.S. and its role in the Middle East peace process in the wake of what it sees as Washington's one-sided criticism of Jerusalem this week.

President Carter's praise for Egyptian "moderation" and criticism of Israeli replies to American question has angered officials here who believe that this does not help to advance the sides towards peace.

Israel is now emphasising that while it has answered America's questions about its intentions Egypt has failed to answer similar questions put to it through the Americans. The feeling here is that Washington should press Cairo for answers before criticising the content of the Israeli replies about the future of the West Bank.

Israel is expecting new American moves next month to restart the stalemated Israel-Egypt negotiations. Whether this will take the form of a meeting between the American, Israeli and Egyptian Foreign Ministers in London or a possible U.S. peace shuttle has not yet been clarified, senior officials in the Prime Minister's office told the Financial Times.

Whatever the new American move, Israel does not intend to make any more concessions, according to officials here, until the Egyptians provide some replies about its concept of a peace agreement.

Mr. Moshe Dayan, the Foreign Minister, told Ministry officials yesterday that further Israeli concessions will not advance the peace process but only invite further pressure for unacceptable concessions.

Israel would prefer to revert to direct negotiations with Egypt rather than deal through an American mediator. Prof. Yigael Yadin, the Deputy Prime Minister, said yesterday: "The main task of the U.S. right now is to bring the two sides together and pressure on one side alone will not achieve this aim."

Cuba 'backs offensive in Eritrea'

By James Buxton

CUBA is still firmly committed to supporting a major Ethiopian offensive against guerrillas in Eritrea, one of the two main guerrilla movements said in London yesterday. A spokesman for the Eritrean Popular Liberation Front said that there were 4,000 Cuban troops in Asmara and operations in Eritrea were being directed by a military council composed of Russian, Cuban and Ethiopian officers.

Despite reports that Cuba was reluctant to support an Ethiopian offensive, Mr. Amdemicael Kahasai pointed out that recent Cuban statements supported the principle of Ethiopia remaining intact and attacked the guerrilla movements as instruments of U.S. imperialism.

Cuban troops had not been involved in recent frontline fighting in Eritrea but were playing a major supporting role, he said. He also said there was no confirmation of reports that South Yemen was withdrawing its troops from Ethiopia.

Mr. Amdemicael said that the Ethiopian offensive was imminent.

● President Felix Malloum of Chad said thousands of Libyan troops backed by Cubans were thrusting southwards into his country in support of Frolinat rebels.

Spain birth control move rejected

BY ROBERT GRAHAM

MADRID, June 23.

EFFORTS BY the Socialist Party to have birth control pills freely available under the State social security system have been rejected by the Government. The Government argued that social security has no obligation to cover those who opt of their own choice to *take the pill, merely those for* whom it is considered medically essential.

According to official statistics quoted by Socialist Deputies in Parliament, 70 per cent of Spanish women now use some form of contraceptive device, while 74 per cent are in favour of family planning and 71 per cent are in favour of State assistance in this.

However, the Government has avoided any move which would link it with open promotion of birth control, especially the pill. It has even decided to call 74 family planning centres which it will shortly establish by the name "ordenacion familiar" (literally, family organisation) rather than "planning familiar."

Recently publicity to promote birth-control pills was legalised but the ruling Union de Centro Democratico party, backed up by the right-wing Alianza Popular party, are fighting a strong rearguard action to prevent too great a liberalisation of laws that deal with matters of life and death.

This alliance of the two parties provides a substantial majority in Parliament, and their opposition has successfully prevented any inclusion of the legalisation of abortion in the new constitution or abolition of the death penalty. This alliance has also enabled a side-stepping on the divorce issue in drafting the constitution.

Their position is based on the conviction that Spain remains a conservative country strongly attached to Catholicism—and that Catholicism should remain an integral part of Spanish life.

There has as yet been no accurate means of challenging this conviction. But the parties of the Left, the Socialists and the Communists, plus such groups as the burgeoning feminist movement, feel that Spain can and should embrace more modern attitudes.

They maintain that the State should accept that the individual has the right to exercise greater freedom of choice in such matters as birth control, abortion and divorce.

In some respects, too, the Government itself is promoting change. For instance, for the past month Government sponsored advertisements have been shown on television designed to promote greater consciousness about the role of women.

The advertisements, albeit a well-diluted form of feminism, nevertheless are a major break with the past.

Steel may face new problems—Kaufman

BY IVOR OWEN AND ROY HODSON

BRITISH Steel Corporation could be running into new difficulties in its fight to reduce its losses because of the continuing world steel slump, Mr. Gerald Kaufman, Minister of State for Industry, indicated in the Commons yesterday.

He disclosed that he was told by Sir Charles Villiers, chairman, on Thursday: "Nothing has got better—and one or two assumptions connected with the market look to have got worse."

British Steel lost £440m last year and a loss of £400m has been projected for 1978-79.

More details of British Steel's performance in the first half of this year will be given by Sir Charles when he presents the annual accounts for 1977-78 on July 4.

Sir Charles no doubt outlined British Steel's latest confidential forecasts for 1978 steel sales to Mr. Kaufman on Thursday. However, his specific comments—quoted by Mr. Kaufman in the Commons—are believed to have been made with reference to the state of industrial markets generally rather than steel trading in particular.

The steel industry is acutely aware that it cannot look forward to any real recovery until the world trading recession lifts.

There have been some improvements in the international steel market i nthe last few weeks. But, they have been neither as strong nor as sustained as steelmaking companies had hoped.

The European market for steel is showing new signs of weakness, particularly in West Germany and Belgium. Some recovery in the American market has not been sufficient to offset the general international weakness in demand for steel.

Before quoting the words used by the steel chairman, Mr. Kaufman said he had been told that the corporation's results for the first two months of the current financial year showed some improvement on the annual operating plan projections.

Tory proposals

At the same time, he stressed uncertainties in the international steel market and hazards involved in giving any indication of what the outcome would be.

Subject to this proviso, he said, "it would appear that the corporation is at present on course and will at least hold to the annual operating plan projections."

The Minister did not encourage suggestions by Tory MPs that the corporation should relieve its financial difficulties by selling off the Shelton plant at Stoke-onTrent which effectively ceased production yesterday.

Mr. Norman Lamont, a Conservative industry spokesman, claimed that there was considerable private sector interest in the purchase of profiable plants which the corporation was closing because they were surplus to requirements.

Their sale would bring not only financial benefit to the corporation but would help in preventing further deterioration in unemployment.

Mr. Lamont suggested that pressure by the Government had led the corporation to change its attitude. While Sir Charles Villiers had been ready to consider the sale of redundant plants when he wrote to Mr. Patrick McNair-Wilson (Cons. New Forest) in March, by the end of April he had shifted his position.

The Minister emphasised that over-capacity was a major problem. Transferring some of that capacity from public hands to private hands would not help.

So far as the sale of Shelton was concerned, he pointed out that Mr. Eric Varley, Industry Secretary, had made clear that he would expect to be fully consulted in advance about any such proposal.

Mr. Kaufman insisted that the Government would not accept any indiscriminate hiving-off of the corporation's assets which, in the long run, would weaken public enterprise in steel-related activities.

The Iron and Steel (Amendment) Bill, which increases the corporation's borrowing limits by £1.5bn to £5.5bn, was given an unopposed third reading.

Shelton demands, Page 4

NEB semi-conductor plans criticised

BY PAUL TAYLOR

NATIONAL Enterprise Board plans to spend £50m setting up a new major semi-conductor company in the UK were implicitly criticised yesterday in a report published by the National Economic Development Office's working party on electronic components.

The board's plans are in line with the most controversial of three approaches suggested by the working party for breaking into the micro-electronics market.

The working party had not been aware of the NEB plans when it prepared its report on the future of the industry, but Mr. Eric Hammond, chairman of the working party, drew attention yesterday to the section of its report which said that "a green field operation would be the most expensive and carry with it the least guarantee of success."

Mr. Hammond suggested that a minimum total investment of £240m over five years would be needed to launch British industry into the micro-electronics market. Amout £80m of this should come from the Government.

His working party's report talks of at least some state aid coming "on a non-repayment basis."

The General Electric Company appears to have chosen another option defined by the report. The company is believed to be negotiating with Fairchild, the U.S. semi-conductor company, to set up a joint micro-electronics company in Britain.

This joint UK-multinational venture would have the advantage of providing immediate access to the most modern technology and a ready-made marketing network, says the report.

There was a "substantial" disadvantage, however, that in the long-term there would be little or no UK control of the development of technology.

The third approach suggested, and clearly preferred, by the working party is for the Government to help fund development by existing UK companies.

These three approaches were complementary rather than competing said Mr. Hammond, but he admitted that if there was a finite amount of Government support for the new industry there was a danger that it could be too thinly spread.

It was vital that some way forward was found to create a "significant technological base" in the industry. This would support UK user industries improve the competitive performance of the microelectronics industry and protect national security by providing access to technology.

Government funds should be used to encourage the development of both specific micro electronic circuits and standard multi-role devices with the aim of securing a 10-15 per cent. slice of the world market for Britain.

Docks plan rejected by unions

By Ian Hargreaves, Shipping Correspondent

TRADE UNIONS and the Port of London authority failed yesterday to reach agreement on dock closures the management say are essential for the future viability of the port.

At the final, plenary session in the authority's "open government" programme of debating the issues, it was agreed only to present a joint statement to the Government listing areas of agreement and disagreement between the two sides. Closures fall into the latter categary.

This document will be presented to Mr. William Rodgers, the Transport Secretary, probably early next week. A joint statement from management and unions yesterday said only that they would raise with Mr. Rodgers "the future of the port."

Sir John Cuckney, the authority's chairman, must now promote unilaterally a plan to close one of the port's two upper dock complexes.

These will almost certainly be the Royal Victoria and Albert and King George V Docks in North Woolwich. Even with this closure, a Government injection of more than £50m will be required.

● Mr. Rodgers yesterday approved a £9m plan for two new berths at the Port of Dover's Eastern Docks. Work will begin in September and be complete by the spring of 1980.

BNOC evaluates production methods

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH NATIONAL OIL Corporation is evaluating various production techniques that could be used at one or more of the oil finds in block 211/18, immediately north of the Thistle Field.

Lord Kearton, chairman of the state-owned group, said yesterday that it was conducting a feasibility study into ways of producing oil from the four separate reservoirs.

Speaking after the monthly board meeting in Glasgow, Lord Kearton said it was not intended that the offshore consortium would venture into new technology. The corporation was consequently evaluating the benefits of such systems as sub-sea well units and floating production platforms.

Within the oil industry it is thought that the reservoirs in the northerly portion of block 211/18—some 125 miles north-east of Shetland — could contain between them as much recoverable oil as Thistle itself.

The estimated reserves of Thistle, which has recently been brought on stream, are put at about 500m. barrels.

The structures north of Thistle could pose several problems during the development stage. Not only are they fractured, but at least one of the reservoirs extends into other operators' concessions.

The corporation is moving the drilling rig Atlantic 1 to further evaluate oil prospects in the northern part of block 211/18 after its successful discovery well on block 30/17b to the south. The 30/17b concession was awarded under the most recent, fifth round of licences.

Lord Kearton said that the discovery, together with the corporation's willingness to conduct further drilling on the block, indicated that British National Oil was not hindering North Sea exploration and development as some private companies had alleged.

He also denied that the corporation was losing money on the sale of its crude oil and the oil obtained from other companies under state participation arrangements.

Partners in Thistle are: British National Oil Corporation, Ashland, Burmah, Charterhouse, Continental Oil, Deminex, Gulf, Santa Fe International and Tricentrol.

● The third production platform for the Ninian Field was floated out from the Scottish construction yard of Highland Fabricators at Nigg Bay, Ross and Cromarty, yesterday. The structure will be placed on the northerly part of Ninian, which lies 105 miles north-east of Shetland.

The field, operated by Chevron, is due on stream later this year.

● The first of four large legs for Texaco's Tartan Field oil platform is on its way from Redpath De Groot Caledonian's fabrication yard at Fife to Cherbourg in France.

West must remain vigilant—Thatcher

BY GUY DE JONQUIERES

THE WEST must continue to seek understanding in its relations with the Soviet Union and other Communist countries while working to maintain the political and military strength to hold in check the threat of Soviet expansion, Mrs. Margaret Thatcher, Conservative Leader, said in Brussels last night.

Everything should be done to encourage the spread of democracy as a safeguard of the West's own interests and security, but many countries could not realistically be expected to move rapidly towards more democratic systems.

This was particularly true of Africa. But it was no reason for slackening efforts to help African countries achieve the prosperity and quality of life needed to support their political stability.

Mrs. Thatcher, who was addressing a group of Roman Catholic organisations in Brussels, emphasised the need for the West to maintain effective defences and remain vigilant towards external threats, so that it could deal with the Soviet Union and other potentially hostile countries from a position of strength.

Her speech appeared designed to rebut accusations that she has taken too dogmatic and inflexible a view towards foreign policy questions in the past.

She went to some lengths to underline that many issues of international relations were too complex to be dealt with effectively by means of simple, predigested approaches.

The world was changing rapidly and international problems were not always "as we would like them to be, nor as they seemed to be a year or a decade ago."

Mrs. Thatcher noted with concern the Soviet and Cuban involvement in Angola and Ethiopia, but it was important "not to choose the interpretation of the facts which arises only from our previous experience.

"We must approach them with a more open mind, and take into account any new context which may have arisen."

The West must have a clear view of its longer-term objectives, and not overlook the danger that potential adversaries, particularly the Soviet Union, were still seeking to achieve historic goals.

The Tory leader called on the EEC to adopt a more far-sighted approach in its dealings with its neighbours and trading partners, particularly Turkey, Yugoslavia, Australia and New Zealand.

Peabody and Amey start joint venture

AMEY ROADSTONE Corporation and Peabody Holmes, the major UK operating company of the U.S.-based Peabody International, yesterday announced a co-operative venture to establish operations overseas.

The two companies will act together in the preparation of tenders and in the execution of overseas contracts, involving complete "turnkey" installations for the production and processing of mineral aggregates. The plants established by the venture will carry the Peabody ARC name.

The agreement will last for an initial five years and will be reviewed annually after that.

Initial targets for the new venture, which does not involve the establishment of a separate company and which will distribute profits in relation to respective investment, will be the Middle East and North Africa.

Amey Roadstone, part of the Consolidated Gold Fields Group, is the largest producer of natural aggregates in Britain, with about 160 operating plants.

Peabody International provides environmental engineering services in more than 150 locations throughout the world, with the Middle East providing it with a particularly strong market. Three recent Middle East contracts involving complete solid waste processing and handling plant were worth £33m.

ARC, which has expanded substantially in the U.S. and in Europe in the last two years, said it was the first venture of its type in which the company had become involved.

Bank official jailed for currency plot

COMPARISONS with a previous City dollar premium plot were made at the Old Bailey yesterday when five men were sentenced for their part in a bid to cheat the Treasury over rebates on foreign securities in 1975-76.

The Crown accepted that only £1m was involved in their abortive attempt at illicit refunds although some of the men had spoken of involving as much as £20m if their elaborate efforts had succeeded.

Mr. John Martin Wales, 42, of Chislehurst, Kent, who has been dismissed from his £8,000-a-year job as a superintendent signatory in the Bank of England, was sentenced to four years' imprisonment.

Judge John Buzzard told him: "You betrayed your trust as a senior official. Unfortunately there have been other cases in the past two years of people in high positions in other places betraying their trust, and I am passing a sentence which I hope will be a deterrent."

Mr. Robert Harman, QC, for Mr. Wales, said he did not propose to go into details of the case, except to say that the defendant now faced "financial ruin" for himself and his family.

Solicitors for Mr. Wales later stated that he still protests his innocence and will be lodging an appeal against the conviction.

The jury had found him guilty of conspiring with seven other people to obtain money dishonestly from authorised dealers in investment currency between 1975-76.

Sentences passed on other guilty defendants at the end of a two months trial were: Three years' imprisonment for Mr. John Sidney Barnes, 47, an economist, of Victoria, and the self-styled king of Colonia, who had been trying to sell oil concessions for his island in the South China Sea.

Two years' imprisonment each for Mr. Leonard Basil Ash, 40, panel beater, of Normanton on the Wolds, Notts, Mr. John Robson, 50, commodity trader, of Hutton, Essex, and Mr. Reginald Atkins, 53, a company director, of Solihull, Warwickshire.

Overseas

Judge Buzzard accepted that none of them were in any way ring-leaders in the scheme.

Defence counsel urged him not to send any of the defendants to prison, pointing out that Guildhall magistrates in April had only fined a stockbroker who had been convicted for his role in a plot to evade the regulations which had apparently produced a £2m profit, although some of the people in it were now overseas.

Judge Buzzard said that although the present defendants had not made any money out of their scheme, which was ended when a police informant told Scotland Yard about it, he would not be influenced by the attitude of the Guildhall justices in imposing only monetary penalties.

Mr. Martin Tucker, QC, for Mr. Barnes, said the present scheme was a "ramshackle conspiracy" which was doomed to failure.

Evidence had been given that some of the plotters had hoped to interest Dr. Kurt Wallersteiner, an international financier, in their project.

The court was told that Mr. Barnes, who was convicted at Winchester in 1974 of obtaining property by deception, had denied a prosecution suggestion that he knew Mr. Wales through a Beckenham motoring school for which Mr. Wales had kept books.

Two other defendants, Mr. Brian Wooding, 63, solicitor, and Mr. Patrick Walsh, 36, solicitor's clerk, were jailed before the trial began for their part in the conspiracy, and another defendant, Mr. Alfred Taylor, 62, died during the hearing.

Mr. Adrian James, 32, solicitor, of Bray, Berkshire, was separately jailed for nine months for giving false information to the Bank of England. The judge complimented police officers on their handling of the conspiracy case.

Stubbs painting makes £300,000

BY ANTONY THORNCROFT

CHRISTIE'S STOLE back the limelight from its great competitor Sotheby's yesterday, selling English pictures for £1,906,980, a record total for this market.

The top price was the £300,000 from the London dealers Baskett and Day for Labourers, an attractive work by George Stubbs which was painted in enamel on Wedgwood biscuit earthenware, and is pictured above. It was an auction record for the artist.

Stubbs painted Labourers for Josiah Wedgwood, the founder of the pottery firm in 1781. He was paid 170 guineas at the time and a further £189 in 1796. The painting was sold yesterday by a descendant, Sir John Wedgwood, and until recently had been on loan to the Tate Gallery.

All told five works by Stubbs were up for auction. One, a portrait of Warren Hastings on his famous Arab Horse, failed to reach its reserve and was bought in at £170,000, only to be sold immediately after the sale to the London dealers Colnaghi for a higher sum.

Ackerman paid £55,000 for Stubbs' painting of Viscount Bolingbroke's favourite hunter. Two other Stubbs paintings of horses sold for £26,000 and £5,000.

The second highest price in the auction was the £120,000 for a portrait by Sir Thomas Lawrence entitled The Woodland Maid. It was a record for a portrait by the artist and went to Koblitz, the London dealer.

Another Lawrence, a portrait of Lady Wallscourt, sold to Leger for £36,000. Artemis paid £70,000 for Romney's portrait of Lord William de Vere, and Partridge Fine Art £48,000 for a picture of the jockey Sam Day by John E. Ferneley.

Another 18th century portrait, this time by Johan Zoffany of the Rev. Randall Burroughes and his son, was bought by Colnaghis for £40,000. All prices carry a 10 per cent buyer's premium.

Hunting pictures were in demand. A set of four by Henry Alken sold for £55,000 while a picture of the Duke of Beaufort with his hunt by John Wootton sold for £65,000 to Ackermann.

The Robert von Hirsch sale at Sotheby's came down to earth yesterday with quite reasonable prices for furniture and porcelain. The session totalled £691,350 with all the lots finding buyers. So far, from five sales, the collection has brought in £12,457,848.

The top price, and in line with the high estimate, was the £200,000, plus the 10 per cent buyer's premium, paid by Kaufmann, a London dealer, for a marquetry dressing table made by Abraham Roentgen for Frederick Augustus III, the Elector of Saxony, in 1769. It was acquired on behalf of a German museum.

A Venetian walnut bureau cabinet of the mid-18th century doubled its estimate at £50,000 while a Florentine walnut intarsia table of around 1500 more than trebled its forecast at £23,000 to the London dealer R. Symes. A Florentine intarsia credenza of the late 15th century realised £20,000.

Commercial radio 'should make £30m'

By Christopher Dunn

COMMERCIAL RADIO revenue should reach a record £30m this year, Mr. John Whitney, managing director of Capital Radio, one of London's independent radio stations, said yesterday.

He made the forecast after the Asociation of Independent Radio Contractors had announced a 30 per cent rise in revenue to £10.7m, for Britain's 19 commercial radio stations in May.

Many of the radio stations were now at least 40 per cent up on last year, Mr. Terry Smith, managing director of Radio City, Merseyside's commercial station, said. But he added: "The last few weeks have been slightly disappointing."

Total revenue for the first five months of this year is now £10.7m (£8.2m). In 1977, the radio stations' revenue was £23.1m.

Stagnation likely, says economist

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK economy is likely to return to stagnation after the present phase of consumption led expansion, according to Mr. Wynne Godley, the Cambridge University economist.

Mr. Godley, writing in the review of stockbrokers Vickers da Costa, reiterates his pessimistic view of the UK's medium-term prospects unless there is a change of strategy. He also attacks the increased official and market concern with the money supply figures.

Mr. Godley, a former senior Treasury economist and now director of the department of applied economics at Cambridge, expects the current economic expansion to be sustained throughout this year.

But he notes that there are some important differences between this expansion and previous ones, in particular, the UK starts "from a far more depressed position than in any previous postwar period," and the "existing level of import penetration is so much higher now than in 1972."

These factors, he argues, will result in much earlier capacity constraints and a more rapid deterioration in the non-oil balance of payments.

He suggests that "possibly if inflation accelerates the expansion may lose momentum before the trade balance becomes a real problem. But if the expansion is maintained, my guess is that notwithstanding the benefits from the North Sea, the rise in imports will require some effective counter measures within a year from now.

Mr. Godley asks whether the next balance of payments crisis will cause a further turn of the disinflationary screw and push the country "a stage further on its long run trend towards depression and dereliction; or will there be at last a strategy which, by improving our industrial performance in the context of expanding demand, begins some process of long-term recovery?"

Mr. Godley says "the money supply figures did not have any importance other than that which they have arbitrarily been given. The rate of expansion in the money stock is not a target of economic policy, such as real income growth, full employment or price stability. But neither is it a real instrument of economic policy."

Amoco Cadiz captain 'did all he could'

By Paul Taylor, Industrial Staff

MR. ROSARIO STRANO, chief mate on the Amoco Cadiz, told the Liberian Board of Inquiry into the disaster yesterday that, looking back at the incident, he would have called for more assistance when the vessel's steering gear failed.

Under cross-examination, Mr. Strano first told the Board sitting in London that he did not consider the captain and crew of the Amoco Cadiz could have done anything more at the time to save the vessel.

However, when asked by Mr. Sidney Kentridge, QC, counsel for the German salvage tug owner Bugsier, whether, if he had been captain at the time, there was anything else that could have been done, he replied: "In retrospect, I suppose I would have called for more tugs and more assistance."

The inquiry continues on Monday and is expected to hear evidence from Captain Hartmut Weinert, master of the salvage tug.

General Motors denies plan for Ulster plant

General Motors last night denied that it was negotiating with the Northern Ireland Department of Commerce about opening a second car components plant in the area: "We have no current plans for a second plant in Northern Ireland," the company said.

Two weeks ago General Motors announced a £16m. seat belt plant at Dundonald employing 600 workers.

The eventual siting of a plant to make retarders (brakes) for automatic gear boxes for use in heavy vehicles has still to be decided.

Royal Arsenal Co-op sales up 17%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

SALES of the Royal Arsenal Co-operative Society, one of the country's largest, were up 17 per cent in the first quarter of this year compared with the same period last year.

Non-food sales rose by 40 per cent but in the grocery sector, where almost all retailers are suffering from the combined effects of the price war and depressed demand, sales were up only 13 per cent on the first three months of last year.

For the three months, the society's food trade totalled £24m while its non-food business reached £4.7m.

The Royal Arsenal, which reported a net loss of almost £970,000 for last year, has had to cut margins on food because of increased competition.

In its report to members for the latest quarter, the general committee says that margins in the food trades are 2½ per cent below those of a year ago. Retailers generally "are making more of a contribution to the lower rate of inflation than they are given credit for, but it is clearly at the expense of profitability."

Over a full year, the society says its cut rate of margins on food represent more than £2m in lower prices to customers.

HOME CONTRACTS

Power for the Army

PLESSEY AEROSPACE has been awarded a £370,000 contract by the Ministry of Defence for the supply of 10kVA 200V 400 Hz AC diesel generating sets. The sets will supply power for signals installations in army vehicles, and can be used as permanent or standby sources of electrical power for workshops, medical equipment and other applications. The company has also been awarded a £150,000 contract for the supply of 1.5KW and 2kVA ground servicing sets for the Lynx helicopter in service with the British Army Air Corps. The 1.5KW generator provides battery charging facilities for the aircraft while the 2kVA is the power source that enables testing and servicing of the Lynx system to proceed with engines switched off.

★

Contracts worth a total of £2.2m have been awarded to SHEPHERD CONSTRUCTION, York. Biggest of five building schemes is for 74 dwellings at Godson Street, valued at more than £861,000, for the Oldham Metropolitan Borough Council. Work has started, for completion by the end of next year.

★

As sub-contractors to Norwest Holst Civil Engineering, HENRY BOOT ENGINEERING has been awarded a contract for the supply and installation of permanent way at Cricklewood Depot—one of British Rail London Midland Region's principal maintenance and servicing depots. The contract, valued in excess of £800,000, is part of a £3m modernisation programme for the depot and is expected to take two years for completion.

★

JOHN LAING CONSTRUCTION has been awarded a £386,000 contract to extend a girl's high school at Pontefact, West Yorkshire. The project forms the second phase of a Government approved programme, being implemented by the Wakefield Metropolitan District Council, to adapt the Pontefact Girls' High School for use as a co-educational comprehensive school.

Patients win first round battle against Ennals

FOUR PEOPLE—one a 12-year-old girl—all in need of medical treatment yesterday won the first round of their legal battle against Mr. David Ennels, the Social Services Secretary, for his alleged failure to provide a proper health service for them

Mr. Christopher French, QC, for the four, told three High Court judges in London that, with the exception of the girl, they were in urgent need of orthopaedic surgery for a painful and progressive affliction in one or more of their joints.

There had been delay so far of 24 months, 28 months and 36 months. In the case of the girl, she already had had surgery.

Alan Hincks, Mario Flemming, Marjorie Lloyd and Lesley Smith, aged 12, all from Sutton Coldfield, Warwickshire, were given leave to apply for orders against Mr. Ennals, the West Midlands Regional Health Authority and the Birmingham Health Authority.

The orders sought are to require the Minister and the authorities to fulfil their obligations under the National Health Service Act, 1976, and earlier legislation.

Lord Widgery, the Lord Chief Justice, sitting with Mr. Justice Talbot and Mr. Justice Watkins, said the judge hearing the application would first have to decide whether the patients had any legal standing and the extent to which the High Court can interfere in general matters of government.

Speed curbs hit moped sales

By Our Industrial Staff

MOTORCYCYLE sales were lower again last month after the recovery in April. Registrations totalled 22,060, a fall of 9.3 per cent compared with May, 1977.

Once again the major problem was in moped sales which have slumped severely since new speed regulations came into force last July. Restricting mopeds to a 30 mph limit, these have killed the market for sports models.

In May moped sales fell 39.4 per cent compared with the same month last year to 4,867.

For the first five months the drop in moped registrations was 46 per cent (14,029 units to 16,410).

Rise in brick deliveries

THE recent increase in the volume of brick deliveries to the construction industries continued in May, according to provisional figures given yesterday.

The Department of the Environment said 476m bricks were delivered to customers last month against 447m in April and the monthly average of 344m in January-March. In May last year deliveries totalled 457m.

Brick production in May fell slightly, however, to 398m against 402m in April. A year earlier output was 452m. According to the department there were 898m bricks held in stock by producers at the end of May, representing a 78m fall on April. This was 72m more than the number recorded 12 months before.

In the three months to the end of May brick production was 3 per cent lower than in the preceding quarter and 7 per cent lower than a year earlier.

Insulation help for pensioners

BY MICHAEL CASSELL

PENSIONERS, THE disabled and the chronically sick are to be given special help to insulate their homes, the Government announced yesterday.

Mr. Ernest Armstrong, Environment Under-Secretary, told the House of Commons during the final stages of the Homes Insulation Bill that, apart from plans to offer grants to anyone insulating roof spaces or water tanks, additional financial assistance would be extended to certain disadvantaged groups.

Under the Bill, which was given an unopposed third reading, local authority grants of up to £50 will be available for insulation work in private homes.

Action urged to counter threat of giant Brazilian guinea pig

BY CHRISTOPHER PARKES

PARTS OF Britain are being colonised by animals escaping from zoos and wildlife parks, the Government was warned yesterday.

Giant Brazilian guinea pigs (capybaras), porcupines and prairie dogs are among the unusual beasts now running wild in Britain, breeding and threatening to become costly pests, the Coypu Strategy Group claims.

The group, set up by the Ministry of Agriculture last year to assess the prospects of eradicating coypus—Argentine rodents now classed as vermin—wants the law changed quickly to deal with the danger.

"We became aware that timeliness has not been a feature of legislation introduced in the past to deal with problems arising from the introduction of several non-indigenous species in this country," the group says in its report.

Grey squirrels came to Britain in 1876, but legal action was not taken to control them until 1937. Mink and coypu, breeding groups of which escaped from captivity shortly after introduction in 1929, were not legislated against until 1962.

The coypu population is now building up again in East Anglia and spreading west. The group recommends a long-term eradication programme costing £10,000 a year. A team of 24 trappers could wipe out the pest in about 10 years, it says.

The present programme, which cost almost £170,000 last year, is failing to keep the increase in the coypu population under control. Almost 12,000 of the animals were destroyed by official trappers last year at an overall cost of about £15 a head.

The group suggests that the boundaries of the present control area should be moved about 20 miles westwards, along a line linking King's Lynn, Bury St. Edmunds and Colchester.

It believes that the coypu population is now a little over 8,000 adults (a breeding pair can produce two litters a year) and suggests that if present controls were dropped the national population could rise to more than 100,000 in about three years.

Coypus are aquatic rodents resembling beavers, but they have a pointed rather than a flat tail. Overall length averages 3ft 6in and adult males weigh about 15 pounds. They feed mainly on water plants but are also partial to the vegetable and grain crops grown in East Anglia.

Their burrowings in the banks of waterways damage drainage systems, and they have also laid low hundreds of acres of thatching reeds and osiers.

The coypu is now regarded as a pest all over Europe. Ironically, it has disappeared from Uruguay, one of its countries of origin. There the coypus have all been eaten by local hunters.

Jobless steel workers want £50,000 each

BY PAULINE CLARK, LABOUR STAFF

STEELWORKERS WHOSE eight-year campaign to save iron and steelmaking at Shelton, Stoke-on-Trent, was defeated yesterday, are demanding £50,000 a head in redundancy payments.

As the furnaces at the plant were shut down for the last time yesterday, they gave a warning to the British Steel Corporation: "We are not going to be brushed off with the sort of deal that went to workers at East Moors or Ebbw Vale."

They threatened to press ahead with plans to secure support from dockworkers in efforts to disrupt operations elsewhere in the corporation if demands were not met.

Stung by this week's failure by steel union leaders to persuade Mr. Eric Varley, Industry Secretary, to intervene in the Shelton closure plans, leaders of the action campaign pledged themselves to a further battle with the corporation over redundancy terms.

Warnings were given by union leaders earlier this week that there would not be negotiations until agreed consultations procedures for implementing the closure were completed. But the shop stewards decided yesterday to accept the shutdown after some workers at the plant agreed to co-operate in damping down furnaces.

Mr. Philip Tomlinson, Transport and General Workers' Union convenor at Shelton, said that on the basis of the corporation's estimates of savings to be achieved by closing the plant and not introducing a new electric arc furnace, the 1,700 steelworkers affected by the shutdown should receive £50,000 each in severance terms.

At a cost of £86m this would be way above the "iron handshake" given to workers at East Moors where the maximum payment for long service workers was put at £17,500 at a cost of between £9m and £10m for 3,100 workers.

Renewed bid for pay peace formula

BY ALAN PIKE, LABOUR CORRESPONDENT

WITH ONLY five weeks of Phase Three left Ministers last night renewed efforts to find the basis of a new understanding on pay with the trade union movement.

Mr. Len Murray, TUC general secretary, said when he and senior colleagues left Downing Street after talks with Mr. Denis Healey, and other Ministers that the talks had ranged over the "whole economic scene."

He said the TUC representatives had discussed the struggle against inflation, in which the country was doing very well indeed, but that the Government had given no indication of its thinking on pay policy after the present guidelines expire on July 31.

Mr. Murray said there had been discussion on unemployment. A shorter working week could be a contribution but there had to be other measures.

The pace of discussions can be expected to increase when most of the main union conference will be over. Next week the Prime Minister is to address the Confederation of Shipbuilding and Engineering Unions. The following week the National Union of Mineworkers meets in Torquay.

It has already been made clear by union leaders that there can be no formal Phase Four and this is accepted by Ministers. But in a likely election year there are powerful supporters of some broader understanding being reached.

One of those at last night's talks, Mr. David Basnett, leader of the General and Municipal Workers Union and chairman of the TUC, has suggested the possibility of an economic contract to succeed the social contract. This envisages the Government and TUC helping to create a climate of moderation in wage negotiation by agreeing a series of negotiating priorities.

High among these would be a reduction in the working week and special action to tackle the low pay problem.

However, some union leaders, notably Mr. Moss Evans, general secretary of the Transport and General Workers Union—have been sceptical about even this degree of formal understanding and argue that bargaining priorities, like levels of claims, are for individual negotiators to determine.

The Government would like some form of understanding concluded in time to be debated by the July 26 meeting of the TUC general council.

BL shop stewards act to cut wildcat strikes

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SHOP STEWARDS are taking the initiative to cut unofficial strikes at BL Cars' troubled Longbridge plant in Birmingham.

Stewards will urge the 20,000 strong workforce, on Monday, to adhere to official procedures and spurn wildcat action.

The move follows management efforts to have credentials withdrawn from two shop stewards who led an unofficial dispute. Groups of workers have also staged pickets of the plant in protest at time lost because of strikes.

Against this background productivity has suffered and valuable output lost. Mr. Ray Horrocks, managing director of the newly formed Austin-Morris Company, said: "You reach a position where there is no more you can do and you have to stand firm. We have now reached that point."

● Eighty drivers at the Rover factory, Solihull, whose two-week-old strike has cost the company £26m in lost production have been told to return to work by their union leaders.

More than 5,000 workers at the factory have been laid off as a result of the strike and all production of Rover 3500, Land-Rovers and Range Rovers has been stopped.

NGA calls for review of Bridlington rules

BY ALAN PIKE

THE TUC will be urged at Congress in September to review its Bridlington inter-union disputes procedures which were yesterday described by a print union leader as leading to "licensed gangsterism."

A motion from the National Graphical Association will argue that the procedures are working unfairly against some unions and ask the General Council to produce alternative proposals for the 1979 Congress.

The NGA is concerned that the existing arrangements operate to the advantage of general unions and against the interests of single-industry organisations such as the NGA.

Mr. Tony Dubbins, NGA assistant general secretary, told his union's conference at Douglas, Isle of Man, yesterday that the Bridlington rules were an incentive to general organisations to seek sole bargaining rights for all grades of staff throughout an establishment.

Such unions, Mr. Dubbins claimed, approached employers and argued: "Why don't you give us a sole bargaining rights agreement? We will organise everyone front door to back door."

The NGA, he said, must exert pressure within the TUC for realistic changes which accepted and recognised sectional interests.

Delegates also approved a motion instructing the NGA national council to mount a vigorous campaign to ensure that all printing work was done by the industry's craft unions.

It is a particularly sensitive time for a Congress debate on the Bridlington arrangements.

The procedures have already come under considerable attack for other reasons from the Engineers and Managers Association, which is attempting to recruit in the engineering industry.

Offer may end hospital dispute

HOPES were raised yesterday of an early end to the hospital electricians' pay dispute after union leaders agreed to recommend acceptance of an improved offer from the Department of Health.

Mr. Peter Adams, chief union negotiator for the group in the Electrical and Plumbing Trades Union, will be putting proposals aimed at restoring parity with electricians in the private contracting industry to a delegate conference of shop stewards in London on Monday.

PA talks set for Monday

TALKS BETWEEN the Press Association's management and representatives of 240 National Union of Journalist members employed there, who are in dispute over their annual wage settlement, have been set for Monday.

The agency's services to newspapers, radio and TV—particularly its racing service—were again disrupted yesterday by the work-to-rule imposed by the journalists in response to a management 10 per cent pay offer.

THE WEEK IN THE MARKETS

Stags lick their wounds

The only sign of life in the City during this Ascot week has been in the gilt edged market, which after a rumbling attack of indigestion is unsteadily getting back to its feet after the recent sales orgy. Luckless stags of last week's long tap have been busily unwinding their positions ahead of next Tuesday's £30 call, and there has been much unkind speculation about who has lost what.

To aggravate the morning after feeling, there have been growing doubts about how far the Government is in control of its economic strategy, and about whether dividend controls are really going to be removed at last next month. This week brought a really depressing set of wages and earnings figures, plus a delphic statement about dividends from Mr. Michael Foot. Happily, it seems that he didn't have the first idea of what he was talking about.

Lyons' dividend shock

Lyons shock announcement that it is to forgo a final dividend knocked £10m off the group's market capitalisation on Thursday as the shares slumped 4p to 76p.

Ahead of the group's results the City had been expecting pre-tax profits of between £11½m and £13¼m. Instead Lyons reported profits 27 per cent down from nearly £10m to £6.2m.

On top of this the group had to cope with further extraordinary losses—including provisions of £2m apiece against the closure of loss-making French meat operations and against the group's investment in Spillers-French, a company that has been having problems of its own.

With losses after tax but before extraordinary items of £516,000 Lyons would have had

LONDON
ONLOOKER

to deplete its reserves by a further £3¼m to maintain its final dividend.

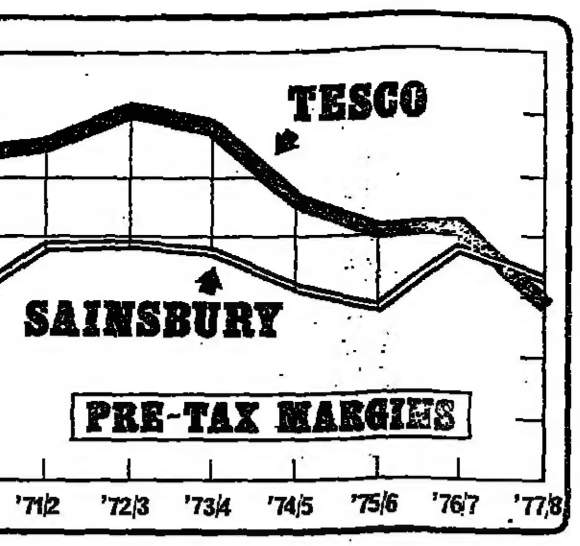
Mr. Neil Salmon, chairman of Lyons had some harsh words to say about Price Commission intervention on tea prices which he estimated had cost £1¾m in lost profits. Coupled with the dislocation in the tea market caused by volatile prices, the effect was to reduce profits by £5m in the final quarter.

Lyons' share price continued to drift downwards yesterday, closing at 74p. The group intends to restore dividends to 1976-77 levels in the current year—provided the present level of trading continues. But the market has had its fill of false dawns at Lyons.

Allied margins

Allied Breweries' 15 per cent profits rise in the first six months was better than most estimates. But a comparison with the performance of other brewers suggests that there are still question marks over the beer side. With Allied, around three-quarters of the profits growth—perhaps £4.5m—came from 2p-a-pint price increase over a period of 16 weeks. Whitbread, which had no price increases over the more competitive winter months, improved its second half profits by almost 14 per cent while Bass Charrington's advance for a roughly similar period was 4 per cent with a price rise for only seven weeks.

Allied is apparently keeping pace with the national improvement in beer consumption (around 3 per cent by volume) but this has done little to ease the pressure on margins. As always, much depends on the fickle British weather and unless trading is very good in the summer months, Allied's margins could be eroded faster than other companies in the sector. And there is not likely to be much support from wines and spirits where the market has been hit by big excise duty rises in recent years.



Tesco success

Full year figures from Tesco this week show how effective the dropping of Green Shield stamps and the "Checkout" campaign have been. In the 38 weeks since the campaign started sales jumped by 43 per cent and Tesco's claimed share of the grocery market shot forward from 7.9 to 12 per cent. Volume growth must have been something like 25 to 30 per cent, an amazing gain when it is remembered that nationally food volume slipped by 4 per cent in 1977.

However these gains have been at the expense of profit margins which have dropped from 4.3 to 3 per cent, and pre-tax profits in the second half have slipped by nearly a tenth leaving a total of £25.56m for the year compared with £30.19m. Tesco takes pains to point out that this result was achieved after exceptional expenses of the campaign amounting to £3m.

Having accomplished its objective of increasing market share, Tesco will probably put more emphasis on profit this year. Promotion costs will obviously be lower this year, and Tesco will be pushing hard on its non-food lines where the margins are higher. Food volume for the whole sector could rise by 1 or 2 per cent this year and now that the major retailers have already made their moves to counteract Tesco's price cutting, it would not be surprising to see them improve gross margins a shade. For a group such as Tesco, with turnover this year probably in excess of £1bn, even a 0.1 per cent movement in the gross margin will add £1m straight into profits. Overall most analysts are pitching estimates this year in the region of £36m to £37m pre-tax.

Lloyd's dilemma

Lloyd's of London is on the horns of a dilemma. There are too many people seeking membership to Lloyd's and it is becoming increasingly difficult to feed the new "names" with profitable business. Markets are saturated with capacity since business has not grown at anything like the same rate particularly in marine and aviation markets, although ominously the problem has spread to non-marine markets.

The favourable underwriting experience—no major run of catastrophes in recent years—has meant that premium rates have been slashed (even by Lloyd's) to often unprofitable levels in attempts to secure business.

But conversely Lloyd's needs names to come forward continuously in order to provide capacity. As Lord Cromer concluded in 1970: "although a small select spread of risks may seem safe, in the long run Lloyd's will lose if the insured or their agents believe that it has not the capacity or the will to underwrite large scale risks."

So Lloyd's is likely to give much thought to the possible implications of any attempt to control admissions, which the chairman Mr. Ian Findlay hinted at earlier this week. Any restriction on membership could take the form of a ballot system organised by the underwriting agents or a quota system supervised by the Committee of Lloyd's.

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	
Ind. Ord. Index	456.3	−14.3	497.3	433.4	Economic political uncertainties
Exchequer 12% 2013/17	£13¼	−1⅝	£15	£13¼	Disillusioned stag selling
Anderson Strathclyde	63	+5	64	46	Strong second-half recovery
Audiotronic	20	−11	37	20	Unquantified French losses
Baker Perkins	96	−6	106	87	Disappointing results
Costain (Richard)	274	−16	300	236	Persistent small selling
De Beers Dfd.	412	+51	412	285	U.S. broker's bullish circular
Hawker Siddeley	208	−16	228	166	Sizeable selling order completed
ICI	370	−18	396	328	Increased selling pressure
LC Gas	348	−30	385	308	Ahead of Tuesday's results
Lyons (J.)	74	−33	111	72	Final dividend omission shock
Northgate Expln.	395	−60	465	245	Profit-taking
Petbow	224	+13	224	180	Good figs./Capital proposal
Pilkington	535	+15	545	422	Circular following ex. results
Rowlinson Construction	90	−17	110	80	Lower annual results
Sabina Inds.	62	−22	90	30	Profit-taking
Spear (J. W.)	205	−25	248	205	Second-half profits slump
Toye	66	+13½	68	36½	Bid speculation
Trident Group	66	+11	70	48	Bid from Starwest Inv.
Vectis Stone	31	+6	31	24	Impressive first-half profits

Odds on

NEW YORK
JOHN WYLES

DURING A week in which stock prices have fallen along a broad front, there has been an absorbing side show for investors here who are tired of worrying about short term interest rates and inflation. "Gambling stocks are the only game in town at the moment for the small investor," observed one analyst this morning. Like everyone else he was searching for an explanation for the unexpected and somewhat frenzied trading activity this week in the shares of companies who have interests in one form or another of casino gaming.

Caesar's World, Playboy and Bally Manufacturing have sat on or close to the top of the New York Stock Exchange's most active list all week.

It has been the same story at the nearby American Stock Exchange where the stock of Resorts International has been rocketing, partly as a result of investors trying to cover themselves against a "short squeeze" whereby they had borrowed stock for onward sale in the hope that they could later acquire the stock for repayment at a lower price.

In the view of many analysts, many of the purchases which have been inflating the prices of these stocks are as prudent an investment as gambling your shirt on zero at the roulette table. But the speculation is in fact predicated on the hope that many more Americans are going to have the opportunity of wagering their shirts and that it is these gambling companies that are going to reap the harvest. It is no coincidence that the speculative wave began to build up at the end of May when New Jersey's Atlantic City became the first centre outside the state of Nevada for casino gambling.

New Jersey, in common with many other states, was looking for a means of increasing its revenues, and thereby holding the line against higher taxes, and also of reviving a once glittering vacation centre.

Moreover, there are few other industries which are more vulnerable to economic cycles, an energy crisis or other cataclysms and which also enjoy such substantial profit margins. So in the words of Lee Isgur, an analyst with Mitchell Hutchins, gambling stocks are a "perfect speculation" because at best the companies could experience a huge increase in earnings which would make their present p/e ratios look a great deal more modest than they appear. His advice is to look at the individual companies and their prospects and not to form a general prejudice that the sector is set for a boom and neither that it is vastly overpriced. He argues that some companies, such as Showboat Inc. and Hurrah's have been neglected by the market and that their earnings prospects would have justified a rise in price anyway.

In brief, the main gambling stocks are: Resorts International: this company reported a $438,504 net win in its first six days of operation and while its current p/e of around 9 looks somewhat startling it is not impossible, although it is unlikely, that its present price may be only four or five times the company's earnings next year.

Caesar's World: One of Las Vegas' most successful casino operators, although its earnings have proved erratic from time to time. The company hopes to open a casino hotel in Las Vegas in about a year's time and has bought a patch of land for another $115m development which it wants to open in 1980. But in common with all Nevada operators it will need that state's permission to open elsewhere as well as a New Jersey licence.

Bally Manufacturing: This is the world's largest producer of pinball machines and of one-armed bandits—any new casino anywhere is good news for Bally whose products cost between $4,000 and $16,000. But it also plans to spend $75m redeveloping three old hotels in Atlantic City into a casino which it hopes New Jersey's lead over the next few years then, it is said, the will be ready in 1980. Current p/e is around 24.

Playboy Enterprises: Again hopes to open in Atlantic City in 1980 with a $75m development. Claims it has the investment lined up but nothing in next two years to warrant current p/e of 55.

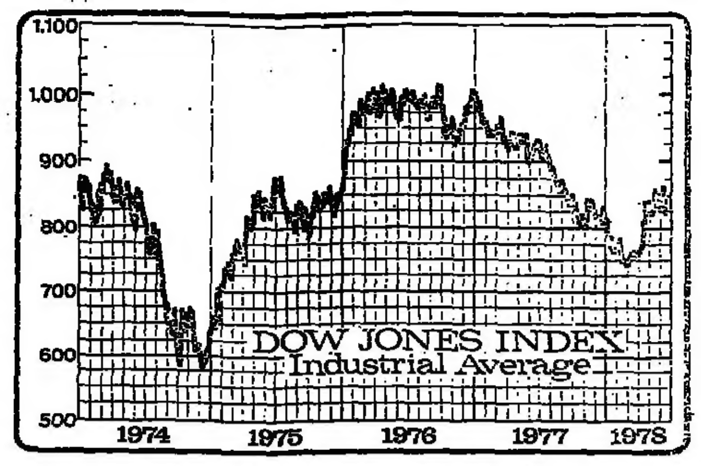
Del E. Webb: Speculation in its stock has been linked with buying of Ramada Inns. The latter has a 7 per cent stake in this Nevada casino operator and is thought to be aiming to buy its way into gambling through possible acquisition of Del E. Webb.

Showboat Inc.: another Las Vegas operator with good profitability and a history of steadily increasing earnings. It was a Ramada Inns target a few years go but approach was rebuffed.

Harrah's: another Nevada operator with similar credentials to Showboat. A more illiquid stick because chairman holds 84 per cent of common.

Other companies whose stock is also arousing interest include Metro Goldwyn Mayer and Hilton Hotels. A small company quoted on the Pacific Stock Exchange, Golden Nugget Inc. was also in demand yesterday after it announced it was buying a block of land in Atlantic City for a $75m casino hotel.

The wheel of fortune may not spin any of the company's into spectacular growth in the next five years but few analysts who follow them feel sufficiently confident about future social and political developments to argue that recent speculation is totally misplaced.



CLOSING PRICES

	Close	Change
Monday	838.62	+1.65
Tuesday	830.04	−8.58
Wednesday	824.93	−5.11
Thursday	827.70	+2.77
Friday	823.02	−4.68

Up she goes

SOUTH AFRICA
RICHARD ROLFE

SOUTH AFRICAN industrial shares which have been a depressed market virtually for the whole of the last decade, have staged a remarkable recovery in recent months, with the tempo rising since the Budget on March 29. The Rand Daily Mail 100, the key industrial share index, was then 199. It advanced steadily to 226 on June 12, but the real spurt came in the nine subsequent trading days up to Tuesday of this week, when it put on 16 points. On Wednesday and Thursday it paused for breath, but by Friday, the underlying strength seemed once again to have reasserted itself.

The post-budget performance reflected the general belief that the Republic's three-year recession had bottomed out and responded to the first cautious moves towards economic stimulation, which included modest tax cuts and was followed up with relaxation of the banks' credit ceilings. A continued buoyant gold price and the persistence of a balance of payments surplus contributed to the generally more confident mood, while long-term interest rates declined further from their 1977 peaks. Improving automobile sales provided some evidence of returning consumer confidence, though this in general remains at a relatively low ebb.

Against this background, the move which really sparked off the action of the past two weeks was an unexpected decision by the Treasury to increase the amount of Discretionary funds in the hands of the financial institutions. These institutions, primarily the powerful life offices and pension funds, are subject to prescribed asset requirements under which they have to hold Government and public sector loan stocks up to as much as 53 per cent of their total assets.

If a move is made, as it was in 1976 and 1977, to raise prescribed asset ratios, current cash flows may have to be diverted largely into gilts to top up the ratios, with drastic effect on the equity market. Conversely, the latest relaxation of the requirements has had a predictably bullish effect, coming as it has on top of an increasing weight of funds available, since the institutions can disinvest from fixed interest if they want to.

So at times in the past two weeks, a buying pattern has seemed to be developing, not unlike Wall Street's sharp recovery in April or, more optimistically, London's celebrated "move in a vacuum" of three years ago. The broad base of the advance has been impressive, with gold shares, coal, diamonds and the mining houses all participating, as well as industrials. Base metals have been the only depressed area, and even here there have been some improvements, such as the local asbestos shares.

One characteristic of the market has been the lack of foreign investors' involvement, historically a regular feature of most major movements in Johannesburg. An important reason is that London has been a seller of South African industrials for some years and the supply has largely dried up.

In this process of "buying back the farm," local institutions have absorbed a great deal of London-held stock and the result now is that there is no prospect of offloading from overseas to dampen down the market. Equally, there does not seem to be much prospect of overseas buyers pushing South African industrials to new highs, as happened in 1968-69.

The exception is de Beers, which hit a new high of 670 cents this week on heavy U.S. buying. With a 60 cent dividend widely expected, against last year's 52½ cents, the shares yield a prospective 12.3 per cent through the securities rand market and after local non-resident shareholders tax.

The market has, generally speaking, come to terms with the lack of foreign interest, just as it has with changed political circumstances, given the present weight of institutional funds looking for a home, any setback in the market would almost certainly be seen as a buying opportunity. But the chances of such setbacks have decreased precisely because most shares are now held by South African-based institutions and individuals who are locked in anyway. A development such as an oil embargo might upset the market, but depending on the response, this too could prove short-lived.

Among Industrials, market leaders such as Barlow Rand and AECI have performed particularly well, putting on 70 cents to 400 cents and 85 cents to 300 cents respectively in the 11 weeks since the Budget. SA Breweries, which is almost entirely consumer-orientated, has risen 25 cents to 140 cents over the same period.

Helped by good results, the leading banks have responded well, too. Stanbic, the local arm of Standard and Chartered, has jumped 65 cents to 410 cents since March 19, and there have been comparable rises in Barclays National, Nedbank, and Volkskas, the rest of the Big Four. Bankorp, the holding company for the banks in the Sanlam stable, including Trust Bank, has improved from 165 cents to 210 cents.

Yields have declined sharply in the process, and the index is now on a dividend yield of 8.6 per cent against 10.5 per cent at Budget time. But with the benchmark Republic of South Africa Loan stock now down to 10.5 per cent, many fund managers think equities are still better value, and that a portfolio constructed on, say, a 7.5 per cent yield basis will out-perform gilts in terms of return, even on modest expectations of dividend growth.

The rapid rate of capital formation by the life funds, pension funds and short-term insurers, whose assets now total approximately R13bn, and whose cash flows (dividend and interest income plus net new business written) are expected to be about R2,500m this year, should ensure a high level of institutional interest in equities. From time to time, however, some constraints may develop, such as hardening of overseas interest rates or the general trend of the world economy.

Finally, the institutions are unlikely to keep bidding stocks on to a lower yield basis despite their rising cash flows. If the bull market is to develop, some participation by the investing public at large is required. So far there is no sign of the small investor returning to the market on any scale. Indeed, the economy as a whole will have to become considerably more buoyant before he can do so.

FINANCE AND THE FAMILY

Shares in a house

BY OUR LEGAL STAFF

You have given many replies about assigning shares in a house and I asked an experienced conveyancer just how it could be done. He thought it could but asked me to inquire, as this is a very novel matter, whether you knew of any reliable precedents, so as to get the phraseology just right. Do you?

We regret that the whole area encompassed in schemes of the kind you mention is so new that we cannot refer you to a reliable precedent. It is wise to seek legal advice in setting up such a scheme, and the necessary documentation is normally best tailor-made for each particular scheme. You may derive some assistance from the new (6th) Edition of Potter and Monroe on Tax Planning.

Outside the Rent Act

With reference to your reply under Outside the Rent Act (May 27) is it right that I can obtain some protection in respect of a furnished house I let, by arranging for all the tenants to share all the accommodation? In such a case should each party sign an individual agreement? As I am thinking of letting a self-contained furnished unit comprising the first floor of my house, do I need to serve any particular notice to enable me to recover possession?

Yes, if all the "tenants" share all the accommodation the Rent Act would not apply: moreover they are probably licensees. It is desirable for the agreement to be expressed and framed as a licence, not a tenancy, and for each licensee to have a separate agreement.

No special notice is required, although it may be wise to inform the tenant that the letting is being made by a resident landlord.

Corporation tax on gains

My savings policy matured for units to the value of £2,516, from which I was made a deduction of £64 in respect of their CGT in October, 1977. In view of the retrospective nature of this year's budgets and the reductions proposed, can I expect any rebate?

There has been no significant change in the effective rates of corporation tax on chargeable gains realised on life companies' policyholders' funds (under section 26 (2) (a) of the Finance Act, 1974).

For a private investor whose disposals are solely of fully qualifying investment trust shares, etc., and unit trust units, the effective rates of CGT for 1977-78 and 1978-79 are as follows (under clause 35 of the Finance Bill as published on April 20):

First	£5,757	at Nil
Next	£ 1	at 14%
Next	£3,742	at 33%
Remainder		at 13%

However, for 1979-80 onwards the rates will be significantly higher, after the first £3,000:

First	£3,000	at Nil
Next	£2,000	at 5%
Next	£4,500	at 40%
Remainder		at 20%

Will and property

When, in your reply under Will and English property (May 13), you say that if you have fixed property you must have an English will, does this mean a will signed, etc., in England, or a separate will signed anywhere which is to control the English side of the estate? What would be the position if there were no will and there were immovable property?

The will need not be executed in England, but must be signed and witnessed in accordance with the requirements of English law (and should not purport to effect dispositions not known to English law). Without such a will the immovable property will devolve under the English law of intestacy.

Cost of an injunction

In your reply under "Earth piled against fence" (June 3), with reference to obtaining an injunction, you wrote: "The cost of applying to the Court may be disproportionate to the amount involved." I obtained a High Court injunction against an adjoining property owner for restoration of water supply disconnected via his builders. Can I recover the costs?

The Order itself should state what is to happen as to costs. If you were not awarded costs it may be possible to make a late application for them, but there is no certainty that they will be awarded. However, it is likely that you were awarded your costs, or your "costs in cause." In either event it is only when the main action has been disposed of that your costs would be taxed and paid.

Insuring sets of coins

When taking out an insurance against loss on proof sets of coins, does an insurance company require details of each set separately, as with jewellery? Would a company take my valuation?

Insurance companies vary in their amount of information which they require, and you should therefore ask them your first question. Most of them will accept your valuation but you must be careful not to undervalue. If you do you may only recover a proportion of your loss, even though it is within the total value of the policy.

Interest on legacy

When is a legatee entitled to interest and at what rate? Should the executors tender the interest due and could cash be demanded?

Although there are exceptions, the general rule is that interest on all legacies is payable at 4 per cent from the date of death. This should be offered by the personal representatives. Seemingly a legatee could insist on a cash payment.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A power of attorney

In your reply of May 6 under a power of attorney you suggested that the relative of a woman who was becoming senile could obtain a power of attorney in accordance with the First Schedule to the Powers of Court Attorney Act 1971. As an appointee can pass on to the attorney no more capacity than he himself has it seems to me that if the appointee goes mad then the attorney himself is mad and could not validly operate the power. Nor does the Act call for witnesses except where the instrument is signed under Section 1(2) by a person other than the donor, or where it comes under Section 25 of the Trustee Act, 1975, as amended by the Act. Finally, am I right in thinking the power must be stamped?

If a person is incapable of executing a document, she cannot give a valid power of attorney. She may, however, have the necessary capacity to give a power but still be unable to cope with day to day administration of her affairs. Powers of attorney are frequently used in these circumstances. We agree that recourse to powers of attorney when the donor is approaching clinical senility must be approached with great care.

Provided the donor of the power was of full capacity when the power was executed the subsequent insanity of the donor will not automatically put an end to the efficacy of the power. Section 5 of the Powers of Attorney Act 1971 expressly provides for cases where *subsequent* incapacity of the donor will not have the effect of revocation. We agree that there must be full capacity to execute the power at the time of execution.

It is quite true that a witness to the execution of a power of attorney is not required by law except in the instances mentioned by you. Nevertheless, it is desirable to have a witness in view of the possibility of later disputes as to the capacity of the donor of the power. A 50p deed stamp is required.

Planning for the worst

INSURANCE
ERIC SHORT

"CAN YOU look your widow in the eye?" This rather macabre expression sums up the need for life assurance, a need that until recently many sectors of the industry itself ignored in the pursuit of savings. The marketing of savings must remain these days the prime concern of life companies. After all, effectively it represents insurance against survival and until we reach retirement, the actuarial tables show that we are more likely to survive than die.

But these same tables also unfortunately show that some of us in the younger age categories will die in the next few years and then what is going to happen to our families financially. We should all sit down and give it some thought.

Let us examine the existing sources of income starting first with the benefits paid by the State social security scheme. All widows are entitled to the widow's allowance paid for the first 26 weeks of widowhood. The current weekly rate is £24.50, but this is rising to £27.30 in November.

After this period is complete, the woman becomes entitled to a widow's pension at the top rate if she is over the age of 50 or has dependent children. The current weekly rate is £17.50, rising to £19.50 in November, plus £6.10 for each child. This rate is being lifted to £6.35 in November, a small increase because child benefits are being improved considerably.

There is no widow's pension if the woman is under age 40 and between ages 40 and 50 the weekly pension is graduated according to age at widowhood from £5.25 if widowed at age 40 to the full pension if widowed at age 50. Once all the dependent children are off the widow's hands, her pension level could be adjusted downwards depending on her age when the last child ceases to be dependent. Then her pension rate is the same as if she had just become widowed (ignoring the widow's allowance): a full pension if she is over age 50, nothing if she is under age 40 and lower if between these ages.

Under the new state pension scheme, the widow's pension will consist of two tiers; the present payments as listed above and a further pension based on your earnings record during your working life. But it will be several years before this has any appreciable effect and then only if your employer does not provide alternative provisions.

Next, what will you get from your employer? This depends very much on what sort of pension scheme he has set up or what kind of arrangements he has made to supplement the new state scheme. A good scheme will provide at least a lump sum of twice your salary (tax free) plus a widow's pension of one-thrd your salary, plus child dependant's benefits. Some schemes will pay a lump sum of four times salary on death—the maximum permissible under Revenue rules.

Then what death cover is provided by your existing life assurance contracts?

You may well have taken them out as part of your savings programme and thus not only read the small print which sets out the death benefit. But in order to qualify for tax relief it must pay a reasonable sum. Finally, what other investments do you have and are they easily encashable?

Now you are in a position to add up the income which your wife will get should you die together with possible lump sump payments.

Your wife could invest the lump sum payments to supplement that income or draw on your investments. But in most cases you could well afford to make supplementary provision and there are two methods of doing this.

First ensure that your employer is doing the maximum possible to provide benefits. Even if you do not have a company pension scheme, there are several plans on the market from life companies which provide lump sum benefits on death or retirement with the employer paying the contributions. This is a tax efficient method of supplementing the state.

Then you can take out pure life assurance with a life company paying death benefit only.

Telling the way it is

SOMETIMES it seems that the only time companies think of "communicating" with their clients, in the public relations sense of the word, is when they want to sugar-coat a bitter pill or entice people to spend even more.

Nevertheless, any attempt to make the public more aware, whatever the underlying motive, is at least a step in the right direction. So Commercial Union's launch of a new leaflet-styled magazine aimed at policyholders is to be applauded.

Called "Renewal," the leaflet will be distributed to all non-life policyholders along with their annual premium renewal notices. The initial goal of CU is to package formal notices showing changes to insurance policies in a way that might entice the recipients to read them.

The basic problem that the company is trying to overcome is the fairly typical reaction of anyone receiving an insurance renewal notice, which is to send off a cheque and immediately throw away the notice.

The problem arises when the notice is accompanied with a note of changes to policies, for example a change to a motor policy increasing the owner's initial liability under a claim.

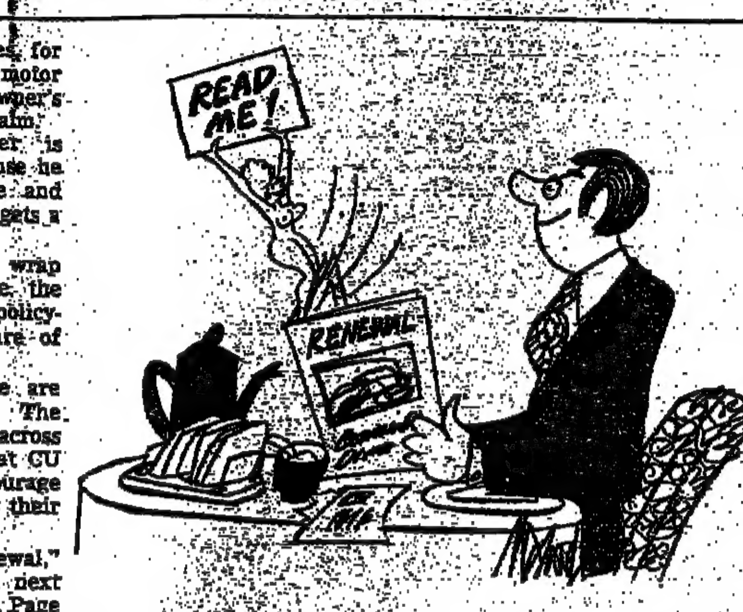
Often the policyholder is unaware of changes because he has not read the notice and when a claim is made he gets a nasty surprise.

Hence CU's idea of a wrap around leaflet to encase the formal notice and get policyholders reading and aware of their insurance cover.

The motives of course are not completely altruistic. The message comes clearly across beyond the front page that CU is also trying to encourage policyholders to step up their cover.

The first copy of "Renewal," which will be circulated next month, does catch the eye. Page one is largely taken up by a picture of a rather unhappy looking Ford which appears to have lost a battle with a brick wall.

However the accompanying text falls short of ideal. It informs us that costs have been going up (did anyone need telling?) and premiums are also rising (obvious to anyone who owns a car). It does not even hint at the rate repair costs have been moving up, which would obviously lend weight to premium increases. Possibly that is a deliberate omission. It would be very tempting for the reader to set his own premium increase against the rate of growth in repair costs and claims for damages.



But if the motor article lacks some depth the next "chapter" which deals with the house and its contents is very worthwhile. Even the most conscientious householder can overlook the effects of inflation on household insurance cover.

CU exhorts us to index link household insurance, pointing out that building costs have risen by 7.6 per cent over the past 12 months while retail prices have risen by 10 per cent. It is easy to leave oneself underinsured particularly on contents, though I am surprised that CU has not brought out the figures for the past five years. That would have really brought the position home to those who have not increased insurances for a few years.

"Renewal" will be updated throughout the year and should contact something like 1½ policyholders over the next months. CU reckons that on average 95,000 people will receive it direct every month with another 60,000 getting it through an intermediary such as an insurance broker.

Some copies will obviously find themselves in the bin straightaway, but as a selling vehicles the approach is soft enough not to offend, and could be used to produce some worthwhile information for policyholders, even if the underlying message is to increase insurance cover.

TERRY GARRETT

Gold for divergent tastes

HAJ PILGRIMS in Saudi Arabia like reproduction coins made in gold. Middle East demand for gold medal blanks has led to the Germans boosting production. The Germans, indeed, put more gold in their mouths last year than any other nation thanks to certain provisions of their national health insurance scheme.

These facts—the temptation to call them nuggets of information is almost overwhelming—are contained in Consolidated Gold Fields' annual review of gold market developments, out this week. They offer, of course, a gentle insight to quirks of taste, but they also underline the basic factors which move the bullion price and ultimately settle the value of gold mining shares.

MINING
PAUL CHEESERIGHT

The gold fabrication demand gives the market a price base on top of which investment movements may take place. If the fabrication demand is weak, then high gold prices can be ruled out.

Current gossip to the effect that the bullion price is moving inexorably upwards to $200 an ounce rests on the assumption that the demand for jewellery and so on will remain strong. This is borne out by the figures of the Gold Fields review.

Last year total supplies to the gold market were 1,607 tonnes, of which 241 tonnes came from official sales like those of the International Monetary Fund. Out of the total, 1,387 tonnes were used in fabricated products, by far the greatest amount going into carat gold jewellery.

Thus some 220 tonnes were left for private investment, a sharp increase on the 1976 figure. Gold Fields thinks the investment interest will continue not least because "the sound statistical position with respect to available supplies and industrial demand has brought renewed confidence to those who make investment decisions on the basis of fundamental analysis."

But there is also the traditional reason for investment in gold—"the continuing climate of uncertainty concerning economic and political developments in the world." Gold Fields does not hazard a guess as to the level the price will reach this year, but the markets are less reticent.

There is confidence about $200. It is an easy figure to bandy about and it has been bandied about so much it now has an engaging familiarity. And with the price moving around $185 an ounce, it does not have much further to go.

The most important strand of market thinking concerns the relationship of the bullion price to the level of the dollar. Until the dollar stabilises, the bullion price will move up, the reasoning goes, and the dollar will not settle until the Carter Administration has done something about oil imports.

There is little hope that this will happen quickly, especially with Congressional elections coming up in November. It is felt, therefore, that the bullion price will have a run-up. In effect, the markets are adding a gloss to the Gold Fields assessment.

Certainly the results of the U.S. Treasury gold auction emphasised the steadiness of the market. There were 300,000 ounces on offer and bids were received for 1.04m ounces. The average price realised, of $186.91 an ounce, was comfortably inside the bullion market's current trading range.

The confidence of the bullion market, however, contrasts with the value accorded to gold mining shares, which arguably have not been at levels consistent with the firmness of the demand for the product. To some extent the mines themselves have contributed to the firmness.

Free world mine production last year at an estimated 965 tonnes was slightly lower than in 1976, while South African output was the lowest for 16 years. This year, the latest statistics from the Chamber of Mines reveal, the South African mines are only producing slightly more than last year.

The cumulative total for the first five months of the year is 9.37m ozs, compared with 9.07m ozs over the same period of 1976. After five successive months of rises, output fell back again in May.

But all this is of little account if investors fear for the future political stability of southern Africa. There seems little doubt that this factor has contributed to the sluggish performance of the share market. Although the Gold Mines Index has come up to 161.5 yesterday from 144.4 at the beginning of May, as the bullion price has advanced from around $170 an ounce to $186.125, its level is lower than last October when the bullion price was under $160.

This week market movements have been sluggish. But the gold shares market has not been alone in this. Australian mining shares have also been drab, following the lower trend in Sydney. At first sight it looked as if the boom might have fizzled out, but such a judgment is premature.

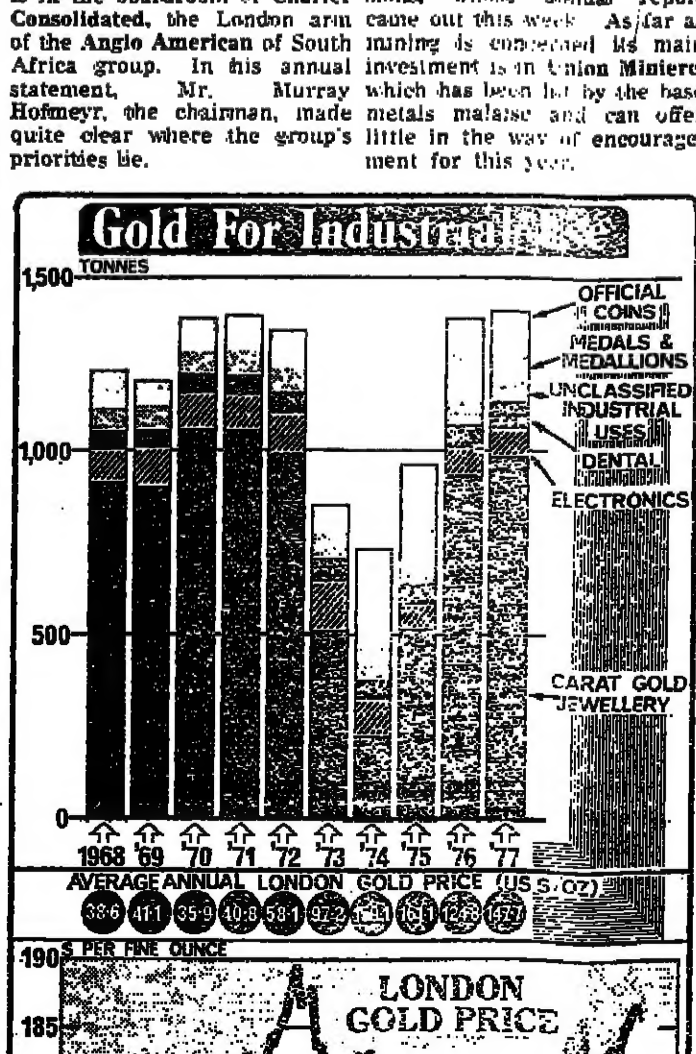
The slackness of the Sydney market can be put down to the imminent end of the Australian financial year on June 30. Operations have often been confined to book-squaring and there has been no desire to make far-reaching investment decisions. Trading in July will show how strongly based the recent rise in the market has been.

But one place where investment decisions are being made is in the boardroom of Charter Consolidated, the London arm of the Anglo American of South Africa group. In his annual statement, Mr. Murray Hofmeyr, the chairman, made quite clear where the group's priorities lie.

Investment is being pushed into the expansion of industrial companies already within the group, while the search for other industrial opportunities continues. "In this way we intend to achieve a more equal balance between our industrial and mining investments and between our UK and foreign earnings," he said.

For the shorter term, he was vague about the prospects. He was doubtful about a strong rise in base metal prices, but content that Charter's investments in wolfram, diamonds, gold and uranium would help to shield the group "from the malaise affecting the base metal mining industry."

Equally vague about prospects is Tanganyika Concessions, whose annual report came out this week. As far as mining is concerned its main investment is in Union Miniere, which has been hit by the base metals malaise and can offer little in the way of encouragement for this year.



Off to Church

EDUCATION
MICHAEL DIXON

"CAN we go in there now?" asked one of the numerous small children The black-robed verger wiggled his interlocked fingers thoughtfully. "No son, you can't, and I'll tell you why," he replied.

"Where you want to go is the chapter house which is the meeting place for the people who run this cathedral. And today is Friday morning which is when they meet there. It wouldn't do to break up a meeting which has been held every Friday since almost the days of William the Conqueror. I expect you've heard of him, haven't you?"

An excited chattering showed that the children had, and that the graphic illustration of Lichfield Cathedral's place in history had impressed them beyond any forgetting.

The incident impressed me, too, rapidly gave me another reason for thinking that I must be unusually lucky in my visits to cathedrals.

Only in March, for instance, I decided at about half past eight on a Saturday night to take a look at the exterior of Southwell, near Nottingham. Approaching, I saw a light behind the west-end window. I pushed on the door, and it opened. The magnificent Norman nave was full of people listening to a first-rate chamber orchestra playing Dvorak's Serenade for Strings. I shall remember it for ever.

Now here I was in Lichfield, filling in the time before the start of another job three miles away, and strolling in on a rare if not unique exercise in making a cathedral's character and personality known to the young members of its diocese.

The idea of "bussing in" pupils from the area's primary schools evidently originated with Mrs. Lil Kelsey, children's officer for the diocese. On each of 10 days this month different school contingents to a total of roughly 150 youngsters are arriving sharp after the 10 a.m. Matins service and staying in and around the cathedral until close on 3 p.m.

The day of my lucky discovery began with the children being shepherded by their teachers into seats in the nave, where they were given a short, skilful talk by one of the senior clergy. Remembering my own youthful indifference to things which adults thought beautiful, I was pleased to see that the speaker called attention, not to the cathedral's aesthetic qualities, but to the truly interesting question of how anything of such a size and built so long ago managed to stand up at all.

"Those stones over your heads there weigh tons upon tons upon tons," he said, "but they don't fall down, do they?" Every child within my view looked up and clearly wondered.

Next the youngsters were divided *ad hoc* into 30-strong groups and sent to different starting points for an accelerated tour of the structure. Five vergers, each stationed at a strategic point, rapidly explained its main features to successive groups of children.

The man who talked of William the Conqueror in the vestibule of the chapter house was one of the five. A second explained why the remains of St Chad were no longer buried behind the High Altar: "It was Henry the Eighth that caused it," he said, "you remember him, don't you?" Another said: "Those ledges there used to have statues of saints on them, until Cromwell's troopers came and smashed them."

As the half-hour tour ended a host of voluntary helpers appeared and reshuffled the children for the next round of activities. During the next three hours, with a break for packed lunches, the new mixtures of boys and girls variously made up a play about the cathedral, tried to design a better building, and assembled a percussion-band performance. Other youngsters designated "Press" set about gathering material so as to write up the event for their particular schools, bobbing about with clipboards and well-chewed pens, interviewing all and sundry including, I gather, a specially imported bishop.

Just after two o'clock they returned to the nave seats, and the cathedral organist played them a young person's guide to the organ ending with a small hands flying to ears and the instrument straining for maximum volume.


Corinne Cockrell

The last event was an act of worship in which the children presented the results of their projects, including percussion-band recital and play. Then they piled into the waiting buses for home, leaving the three-spired building looking sad but relieved like a recently visited grandmother.

How was the cathedral standing up to it? I asked the Rev Ray Farnell, chairman of the diocesan children's committee, in the almost incredible silence that followed.

"Well, we ask them nicely not to wake the dead or bestrew the place with rubbish, and on the whole they are very good," he said. "But the odd one can't resist the temptation to make a bionic dash up the aisle, of course, and there has already been discussion among the clergy about how long it should take an empty Coke can to qualify as a relic requiring genuflection.

"I'd say the boisterousness varies from day to day. Take the play, for example. Yesterday they did a charming thing about all the statues coming to life and ending with the good Bishop Selwyn saying, in a distinctly Birmingham accent that as they'd had such a lovely party, they'd be sure to come to life again next year.

"But today, perhaps because of a preponderance of boys, the play was Cromwell's troopers smashing up the cathedral. With broomsticks, fortunately, so they didn't do any real damage."

Was the educational effect of the scheme worth all the labour of organising it?

Mr. Farnell tapped his unrolled umbrella sharply on the paving. "Well, my legs are killing me," he said. "But if I was a swearing man, I'd say the whole thing was bloody marvellous."

YOUR SAVINGS AND INVESTMENTS

The return of income bonds

WHAT DO we want from our investments? Security of capital, high guaranteed return, simple administration and an ease of access to the capital are four important features that come in the list of requirements. Some of them are mutually incompatible—for instance the higher the return, then the harder it becomes to get at the capital in a hurry. Also guaranteed income usually means a lower return than income that is not guaranteed. Usually investors have to compromise between these requirements—and building society investment offers a good compromise.

But even in this field, the societies offer higher yields for investors prepared to tie up their money for a year or two. In such cases where investors do not want rapid access to their capital, but require high guaranteed returns, then guaranteed income bonds are looking attractive at present.

Guaranteed income bonds received rather a bad name following the experience of some investors with their holdings in companies that ran into trouble a few years ago. The boom of 1972 and 1973 showed just how keen investors were to secure high guaranteed income together with the return of capital. Now after a passage of time more life companies are returning to this field, boosted by the high returns that can now be offered. As public memory dims, more companies are likely to recommence marketing these bonds.

In the old days, the method used was a combination of temporary annuity and deferred annuity with a cash option. The Finance Act 1975 effectively stopped this method by taxing the deferred annuity, and life companies have been devoting a lot of research to devising alternative methods to soften the tax blow. So far they have come up with two main systems.

The first is simply an endowment assurance with guaranteed reversionary bonuses. The investor gets his income by cashing in the bonus, usually paid every six months. The sum assured at the end of the period returns the capital invested.

INVESTMENT

ERIC SHORT

For basic rate taxpayers, the income is paid net of tax and there is no further tax liability, neither is there any tax charge on the capital returned at the end of the investment period. But with higher rate payers there is a charge, based on the higher rate only. The first 5 per cent on the original outlay is free of tax at the time of payment, but the rest suffers the higher rate tax. Then when the capital is paid back at the end of the investment period, there is another levy of higher rate tax on profits. It means in effect that higher rate payers will not get their original capital back.

The other method used to provide guaranteed income is a combination of a temporary annuity, to provide the income and a life assurance contract to return the capital. Part of the outlay buys the annuity, the remainder the life contract. Again there is no problem for basic rate taxpayers. They will pay basic rate tax on the interest portion of the annuity payments, which is deducted by the life company. Their capital is returned intact. Higher rate payers will pay additional higher rate tax on their income, and higher rate tax on the profit from the life assurance contract.

This complex situation for higher rate taxpayers must be blamed entirely on the Revenue and the complicated tax legislation governing this type of life assurance payment. Summing up the position, guaranteed income bonds under either method are simple enough for basic rate taxpayers. They can provide a secure and attractive source of high income.

But for higher rate payers, the choice of method is important because the incidence of tax varies as Table 1 shows. Investors have to decide whether to maximise income or minimise the drop in capital that occurs. Much depends on the expected tax situation at the end of the investment period.

The outlay is also returned in full (less any tax charge) should the investor die within the investment period. These periods are quite short — three, four or five years. But what happens if investors want to cash in early? Those readers with long memories will recall that in the boom, companies were making 100 per cent return after one year — and running into big trouble soon after.

Well, the companies and the Department of Trade have learnt from bitter experience. They are matching assets against liabilities — mainly investing in gilts and local authority stocks, and surrender values depend on interest rate levels at the time. If interest rates rise, then the surrender value falls. Effectively, investors are locked into this contract if interest rates do rise — and they won't want to come out if they fall.

The yield depends very much on interest rates at the time of launch. With the likelihood of rates rising, investors could be well advised to hold off for the moment. Cornhill Insurance last month launched a bond yielding 7¾ per cent net. This week it closed this offer and launched a new series yielding 8¼ per cent. So it pays to shop around for the best buys — Table 2 gives some indication.

TABLE 1

INVESTMENT OF £1,000 BOND TO YIELD 8 PER CENT NET OF BASIC RATE TAX

	Tax Rate 34%	60%	98%
Method 1			
Guar. Bonus	£	£	£
Net income	80	72	61
Capital returned	1,000	935	840
Method 2			
Temp. Annuity and life contract			
Net income	80	78	75
Capital returned	1,000	906	770

TABLE 2

Company	Net Yield %	Term years
Target Life	9	5
	8	3
Cornhill Insurance	8¼	4
Trident Life	8	5
Schroder Life	7¾	4
Hill Samuel Life	7½	5
Albany Life	8½	4
Equity & Law	7*	5
Hodge Life	8½	4
Charterhouse Magna	8.6†	5

* Rate increases slightly with increasing age
† Income paid at end of year

Illness no bar to cash

THE PAYMENT of a cash sum at retirement is regarded by many as an important benefit provided by occupational pension schemes, especially as it is completely tax free. Often people at retirement confess to feeling secure in the knowledge that they have, often for the first time, a nest egg of a few thousand pounds instantly available.

Lump sum benefits are provided in two ways. They can either be an integral part of the benefit structure at retirement, with the member receiving a cash payment plus a pension (both based on final salary). Or alternatively, at retirement the individual can have the option of commuting part of his pension entitlement for a lump sum. The public service pension schemes are structured on the first method, while many company pension schemes use the second basis.

Commutation is simply the payment for a lump sum in return for a reduction in the amount of pension payments. The method of calculation is a straightforward discounted cash flow exercise at a suitable rate of interest over the life expectancy of the members.

The publicity given recently to the case of a retiring senior RAF officer having his application to commute part of his pension turned down on the grounds of ill health may have caused concern to some individuals nearing retirement and in poor health. Well, there is no need to worry on that score. The commutation option available in this particular pension arrangement is very much a special case.

If one was using a strict actuarial procedure in the commutation calculations, then obviously the state of health of the individual would be taken into account. The expectation of life, for someone in poor health, would be shorter than normal, thus cutting down the effective period of discounting and resulting in a smaller sum per unit of pension.

But in both methods described above, no account is taken of the member's health at the time of retirement. The actuarial calculations are based on "normal health" mortality tables. Even if an individual is on his death bed, he can still elect to commute part of his pension. Indeed, it would be financially advantageous to do so—pension payments are usually guaranteed for five years, while the commutation calculations are based on a life expectancy for a man aged 65 of about 12 years.

The armed services pension arrangements are unusual in that as well as the scheme paying on retirement a lump sum together with a pension, the officer has the option of commuting up to half the pension for an additional lump sum. The original lump sum is paid irrespective of the state of health. But the terms of commutation are laid down in the Pension Commutation Act, 1871, and this does take into account the applicant's state of health. There is a Pensions Commutation Board set up under the Act, and advised by its own independent medical advisers and the precise sum is derived from tables produced by the Government Actuary.

PENSIONS

ERIC SHORT

With other occupational pension schemes—public service and private—the amount of the cash payment is limited by the Inland Revenue. If it is part of the benefit structure, then both the pension and the lump sum are based on years of service—usually 1/80th for the pension and 3/80ths of the final salary for each year, up to a maximum pension of one-half of final salary and a lump sum of 1½ times final salary.

If the commutation method is used, the maximum pension is two-thirds of final salary and the maximum lump sum payment is 1½ times final salary, providing the individual has been at least 20 years in the pension scheme. Thus he can commute for the maximum lump sum without qualifying for maximum pension, which usually takes 40 years' service.

Most schemes use a fixed commutation formula of 9 for 1 for men at 65, that is each unit of annual pension given up provides a lump sum of nine times that value. So a member giving up £100 of pension would receive a cash sum of £900. Thus if a member is entitled to a maximum pension of two-thirds of final salary and commutes for the maximum lump sum, on the above rate his pension will be cut back to one-half final salary.

Consider an employee retiring at age 65 whose final salary is £6,000 per annum. His maximum pension is £4,000—two-thirds of his final salary, and the maximum cash sum he can receive is £9,000—1½ times final salary. the amount of pension to be given up is 1/9 of this sum—that is £1,000—so the pension left is £3,000—half final salary.

The Revenue, however, will allow the use of a true actuarial calculation for commutation based on normal mortality tables, even if it does provide more favourable terms than the 9 for 1 basis And in current circumstances it could well do this. The tables used for commuting the armed services pension have a ratio of 9.71 to 1 for age 65. Using this value in the above example, the £9,000 lump sum would mean a reduction of £927 of pension, leaving £3,073 which is 51.2 per cent of final salary. It is a point that employees should check with their scheme representatives.

The self-employed also have the option to commute part of their pension at retirement for a tax-free lump sum. There is no fixed basis—it depends on the individual life company concerned. But the state of health of the investor is not taken into account.

More funds go west

THIS WEEK'S release of the unit trust sales for May showed a level that has only been beaten once—by those for April of this year. No wonder its all smiles again in the unit trust management groups. At this level, sales this year are going to be the best ever by a long way. The private investor has returned to the equity market again using unit trusts as never before. And it is the U.S. market that has attracted him—the UK market at present is in the doldrums.

But when there is a boom, you can rely on some groups being somewhat slow to take advantage of the situation. This week saw the launch of one new U.S. trust and moves to convert an existing trust into a U.S. fund. One would have thought that this action should have been taken months ago but perhaps better late than never.

The Crescent Group is proposing to change one of its existing trusts into a U.S. fund, and to give the management its due, it already has a highly successful international fund at present heavily orientated towards the U.S. But investors this year seem to want a U.S. fund so Crescent is providing them with one to join, the International fund and last week's new launch, the Tokyo fund, which has pulled in £2m in just over a week.

The group is seeking the approval of unit holders in its Growth fund to change into the U.S. fund. This fund, launched in the heyday of the cult of capital growth, has never appealed to investors, unlike the other funds in the Crescent stable. By the beginning of May the fund had only 835 unitholders and was valued at £726,000. The Reserves fund, which has similar objectives has over 10,000 unitholders and has a value in excess of £10m.

UNIT TRUSTS

ERIC SHORT

It is likely to be a couple of months before the new fund, Crescent American Fund, appears on the scene. But the managers consider that the U.S. market will still be attractive to investors at that time. Most unit trust groups are finding that they need a U.S. fund in their stable.

In contrast, Hambro Unit trust is going after the pension fund market and has launched the Allied Hambro U.S.A. Exempt Fund. Despite the upsurge in private investment, there is little doubt that in future, most of the new investment is going to come from pension funds. The group appears to have taken the view that while the large life companies are going to dominate the field for the main equity funds, there is a need for specialist equity funds that is not being met by the large companies.

Pension fund managers may well decide to hold a certain percentage of their assets in equities, of which a small part will be in smaller companies and overseas. The large life companies consider that this mix forms part of their strategy in the main equity fund. But some pension scheme trustees may well feel that they want a specific fund for overseas equity investment. Hambro has found this with the Allied Hambro Smaller Companies Fund which has been well taken up by pension funds. It feels that similar sentiments will make the new fund popular with pension schemes. At present, there are only a handful of specialised overseas exempt funds available.

Stiff upper lip

THE PICCADILLY unit trust group's management has been forced to wash its dirty linen in public but that is no reason for unitholders to panic. Their investments are completely safe and this has been confirmed by the trustees, the Bank of Scotland

It was established at the beginning of last week that Piccadilly was named in an unpublished Stock Exchange report on sharedealings. The report is believed to centre on the past activities of stockbroker Russell Colin-Jones, whose body was found at the foot of Beachy Head last March.

Piccadilly's involvement would appear to have been small. The investment director, Mr. Neill Scott, who was responsible for the dealings of the trusts has resigned. In all a total of 21 deals over a period from December, 1976 to June 1977 appear to be in question. These amounted to purchases of £187,500 and sales of £121,000. These figures are not significant compared with the trust's funds of £10m and the deals did not incur any losses.

So at the end of the day these revalations have damaged Piccadilly's image but they do not bode anything sinister for the trusts' values. These are based on the market value of the underlying securities and the Bank of Scotland has assured the public that everything is alright on that point.

However, one of Piccadilly's defensive moves has only added to the confusion in some unitholders' minds and has made them more unnerved. On Monday, June 12 the trusts' managers immediately put the prices of all nine trusts on a "bid" valuation. Basically this is a write-down of the valuation on a Board of Trade formula which cuts a few pence off the quoted bid and offer prices of the units.

This move puts pressure on unit holders not to sell out and definitely penalises those who do.

Piccadilly hopes to return to an "offer" spread of quotes as soon as possible. The management is waiting for the dust to settle, and judging by the current level of daily redemptions, which are no more than normal, a return to an "offer" quote could happen an yday. This will automatically raise the prices of the trusts.

TERRY GARRETT

Potential of Australia

ON THE back of its increasing optimism for the Australian stock market, and in particular for mining shares, Barclays Unicorn is launching a nationwide advertising campaign to promote its £12m Unicorn Australia Trust fund.

Mr. Bill Hilling, investment manager for Barclays Unicorn, this week returned from a fact-finding tour of the major investment centres in Australia and this visit confirmed his opinion that the country's economy is due for a period of recovery. He said that he believed Australia would enjoy greater political and economic stability since the elections at the end of last year confirmed Mr. Malcolm Fraser's position as Prime Minister.

He said that other British investment groups were also taking a closer look at Australia and at least two of these groups had been in Canberra last week also on fact finding missions.

Barclay's Australian fund is seeking to increase its size by at least a further £1m and will be looking to strengthen its mining stocks. It was here that he saw the greatest opportunities. He did not see the fund pursuing manufacturing stocks to any great degree, but he thought that uranium was a particularly strong bull point for the Australian economy.

He pointed out that the other major reserves of uranium were to be found in Africa and Canada, but that Australia's currently more stable outlook indicated that it would become the world's leading supplier of the mineral.

On the Australian economy in general he said that there had been improvements on interest and inflation rates and that the government was committed to maintaining a stable currency—in order to attract foreign investment into the country.

He said the budget deficit in Australia must be of concern but that he believed that the government was making strides to correct this position.

"Naturally prospects for Australia depend upon what view you take of prospects for the World economy and if you believe that this will take a turn for the better into the 1980s then I believe that Australia will be a major beneficiary," said Mr. Hilling.

ANDREW TAYLOR

PROPERTY

A readjustment

BY JOE RENNISON

MORE EVIDENCE from the regions that that horrible thing "boom" is fading from the scene. A couple of weeks ago I said I hoped never to mention the word "boom" in this column again for a long time, but that is only when it is being injudiciously forecast, not when it needs to be knocked down.

Commonsense has prevailed in the local property market—despite the well-publicised shortage of houses to sell, say Bristol-based chartered surveyors and estate agents, *Alonzo Dawes and Hoddell in* a mid-year comment on the housing market.

Housebuyers have not bid up prices to unrealistic levels, they say. "House prices, which had fallen behind the rise in earnings, have now, to some extent, caught up but fears that this readjustment would spill over into a massive prices boom have, thankfully, not materialised. The current 'mini boom' is running out of steam and" the agents continue "there is a very real prospect of a modest buyers' market later in the year, with houses more difficult to sell and house-hunters having a wider choice.

"People have clearly learned the lesson of the 1973 boom," says Mr. David Mewes, partner in charge of the firm's residential department. "and there have been surprisingly few cases of 'gazumping'."

Individual price rises have fluctuated widely, say the agents, but many house prices have risen by about 10-15 per cent in Bristol and the county of Avon in the first half of 1978—very much lower than some of the wild predictions being made at the beginning of the year.

Even so, they add, prices have risen more quickly than at any time in the past four years and the increase could average 15 per cent or so during the full year, or about three times the annual rise in recent years.

Alonzo Dawes and Hoddell give two main reasons why the current situation has not developed into a runaway boom. People no longer have the blind faith in continually rising property values which caused so much distress when the 1973-1974 bubble burst. Secondly, the cutback in building society lending, partly due to government pressure and partly to a fall in investment inflow, has helped to ease the pressure. So it is essentially a combination of caution, mortgage difficulties and uncertainty about future trends.

As a final thought the agents point to an interesting relationship between inflation and the level of house prices. "It used to be the conventional wisdom that property was the ideal hedge against inflation. This remains true, of course, in the long term, but over the past few years house values have dramatically failed *to keep up with the general rise* in prices—as the house building industry knows all too well.

"Now that the inflation rate has fallen, house prices are recovering from the doldrums. We doubt if this is a temporary phenomenon, and if the inflation rate rises again this year, we expect house price increases to slacken and again fall behind the rise in other costs."

From London a similar sentiment is expressed by Gross Fine and Krieger Chalfen about the end of the boom plus some interesting comments on the mortgage rate and what could be done to help existing and future owners.

The recent announcement of the increase in mortgage rate to 9¾ per cent has in their opinion been given too much stress, particularly when it is borne in mind that the new interest charge to borowers only exceeds by ¼ per cent the level of the last two months of 1977, a period of considerable activity, and during that time, the ruling rate was well below the remainder of that year and still vastly down on the 12¼ per cent from November, 1976, to April, 1977.

What has been totally ignored they think is an effective and practical package to contain future price rises following the plateau presently reached after the rapid spiral of home prices over the past 18 months—not just luxury properties in Mayfair, Knightsbridge and Hampstead.

The total lack of official action in a positive manner apart from negative steps, such as the ill-conceived corset on building society lending, to stem and contain future prices and at the same time to re-energise the residential development market and refurbishment of existing stock is quite unbelievable. Particularly when ready measures are to hand, such as the following they suggest.

You know that hymn about the rich man in his castle, the poor man at his gate (incidentally I'm surprised the TUC has not complained to the Church of England about the continued use of this, particularly the bit about God made them high and lowly and ordered their estate) well it strikes me looking at the above two properties that the rich man has now both his castle and the poor man's gate. Both the above built for the poor man will no doubt be picked up by the rich (sailor) man wanting to get away from his castle at the weekend. They are not far apart near the sailing mecca of the Solent. On the left is No. 4 Copperhill Terrace, Hamble, a two up two down cottage, liveable in but needing some modernisation and with, from the back, views over the river. Offers of between £17,000 and £20,000 to Woolley and Wallis, Romsey. The other is No. 2 Dukes Head Cottages, Lower Woodside, Lymington. It is being sold with a sitting tenant—a bird which has nested in one of the lavatory cisterns. Near derelict it is being offered for £15,000 by Jackson and Jackson of Lymington.

Their proposals include immediate depreciation allowances on new residential buildings—after all, they exist now on industrial property and indeed to promote hotel development in the early 1970's actual money grants were given; tax allowances to house owners and long leasehold flat occupiers for major repairs and renewal of essential plant and machinery such as lifts and boilers plus omission of VAT on service charge items. What great news this would be to tenants of blocks faced with ever increasing annual communal outgoings and also to the owners wanting to carry out essential works as yet unfunded with capital resources.

Finally, the relaxation of the limit on tax allowance against interest charges on mortgages about £25,000 brought into effect in the 1974 Finance Bill. Not only is this hopelessly out of date to compensate for doubled values. They say the effect has been that many British purchasers of the more expensive flats and houses have been completely unable to compete with foreign buyers who have poured into central London and subsequently overspilled into the suburbs. Thus, the higher paid professional person, skilled technician and company director will very often now vie for the same range of property as people from middle management and smaller tradesmen, etc. and so on down the line. Until this bottleneck is uncorked by removing the mortgage limitation totally, relief of pressures on all available property in the £20,000 to £50,000 is an impossibility.

Slightly more bullish (perhaps because of delays in production) is the latest survey of the Incorporated Society of Valuers and Auctioneers. Nevertheless the basic feeling is that it is all over.

The Government's action in restraining the lending of building societies may have inhibited would-be buyers during recent weeks, but it has had little or no effect on prices.

One effect is that housing "stock" has been diminished still further and buy/sell chains have broken down because mortgages have not been readily available.

Buyers who had considered moving "up market" have withdrawn their properties and any influence the measures may have been designed to have on prices, have been nullified because of the intensified demand.

These conclusions emerge following a national survey of estate agents, carried out by the Incorporated Society of Valuers and Auctioneers, into the State of the Housing Market on May 31.

The returns, covering the period from March 1 to May 31, were completed by member agents from all over the country. Once again, there is a significant fall in the number of houses on estate agents' books. The figure is 12.2 per cent (against a massive 34 per cent fall in the last quarter) but again, many smaller agents expressed "serious concern" at the low number of new instructions.

Figures from individual agents again serve to underline the national trend. A London agent reports a decline from 180 houses during the last quarter and, from Newbury, an agent reports only 17 houses on the books against 170 at the same time last year.

As in previous ISVA surveys, the housing market was studied in four different sectors:

(a) Terraced and semi-detached houses up to £12,500.
(b) Semi-detached, detached and town houses/bungalows from £12,500 to £20,000.
(c) Detached and town houses/bungalows from £20,000 to £35,000.
(d) Individually styled residences over £35,000.

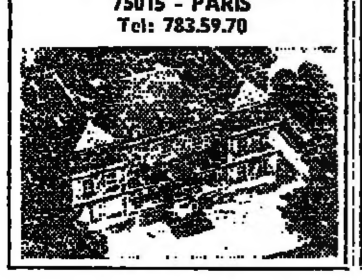
In each category, despite the expectation that the Government's constraints on building society lending would help down prices, the increases have been substantial.

In the lowest prices range, category (a) the average increase was 8.3 per cent and, in category (b)—the £12,500 to £20,000 sector—prices jumped 10.3 per cent.

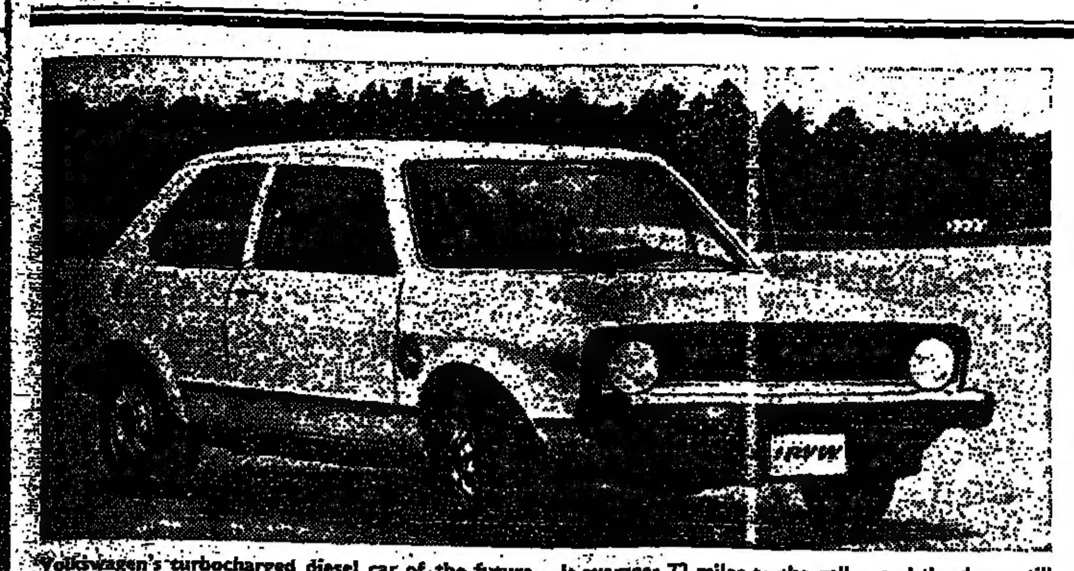
In the higher prices range, categories (c) and (d) the increases recorded during the three months were 8.8 per cent and 8.0 per cent respectively. Overall, across the entire houses "spectrum" the increase was 8.8 per cent during the period.

As might be expected, in response to the question, "Are house prices now increasing generally?", a massive 74 per cent of the agents questioned answered "Yes."

Of the minority of agents who reported that prices were now "static" most seemed to regard the current situation as a "plateau" following a period of high demand and steeply rising prices.



MOTORING



Volkswagen's turbocharged diesel car of the future. It averages 72 miles to the gallon and the doors still open after a 40 m.p.h. head-on crash.

The safety factor

BY STUART MARSHALL

IF EVER there was a classic case of using a steam-hammer to crack a nut, it must be the airbag. This passive restraint system could still become compulsory equipment on American cars in the early 1980s. Should that happen, it will be a triumph for consumerist pressure and political opportunism over commonsense.

Thankfully, European car makers and law makers have better ideas. The lap and diagonal seat belt with automatic retraction has become standard on all but our cheapest cars. It is highly effective. The Transport and Road Research Laboratory announced last week that a survey had revealed that if every driver and front passenger belted up, more than 12,000 people would be saved from death, disfigurement or serious injury each year. Which makes it all the more absurd that Britain is the only major European country not to make belt wearing compulsory.

Saving car occupants from the consequence of their own folly in not wearing a belt is what the airbag is all about. This rubberised nylon bag, stored in the steering wheel hub or fascia pocket, inflates—explodes would be a better word—when the car crashes, and stops you going through the windscreen. European car makers are having to develop airbag systems for the models they plan to export to the U.S. just in case they do become mandatory.

I saw a test at Volkswagen's research centre at Wolfsburg a few days ago. In a simulated 30 mph head-on collision, the airbags worked well enough but the noise was like a 12-bore being fired in a telephone box, even five yards away from the car. What it would have been like inside the Golf defies imagination. "People are deaf for a couple of days afterwards but it's better than being dead," said the VW test engineer.

No doubt. But better still is the self-wrapping seat belt for those who can't be bothered to clunk-click. VW have a system using a diagonal belt fastened to the door frame instead of the body pillar. It folds around you as you get in the car and an inertia reel tensions it properly. There is no lap strap: a thick plastic foam pad on the fascia protects the knees.

It meets all the regulations and is fitted to Golfs exported to the U.S. In Germany, it has been a standard option for several years at a price of about £35, which is perhaps one-third of the amount an airbag installation would add to the cost of a car. A refinement of the self-wrapping belt which VW hope to hvae on the market one day has a vacuum-powered sliding top anchorage. This makes it even easier to get in the car and on closing the door, the anchorage moves round the frame and locks in place by your shoulder.

Self-wrapping seat belts were just one of the features of VW's car of the future I tried on the factory test track. Most "cars of the future" that are unveiled at motor shows are road-hugging wedges shaped like bedpans, which has always seemed to me a less than ideal form for something one is supposed to see out of.

VW's car for the 1980s (and specifically for the American market of the 80s) could be mistaken for a standard Golf, or Rabbit as it is called in the U.S. But its structure has been modified so that its occupants can hope to walk away from a 40 mph head-on collision with a wall or a 30 mph crash into a tree.

Its turbo-supercharged 1.5 litre diesel engine is basically the same as the normal Golf diesel but it produces 20 per cent extra power with no more noise. It meets the U.S. exhaust emission requirements for several years ahead, drives through a five-speed gearbox with a very high top gear and gives an astonishing 72 miles per imperial gallon. Acceleration from 0-60 mph takes 13.5 seconds and the speedometer said a little over 80 mph in fourth gear as I came off the steep banking at the end of the test circuit.

Range per tankful is better than 600 miles. This is a car of the future with its feet firmly on the ground.

The track I was driving on was their little one, next door to the huge VW plant. The main one is half an hour's drive away, within sight of the East German border. There, the high speed circuit is 14 miles long and the 550 yards square skid testing area is so smooth that in wet weather, the ducks think it is a lake and get sore feet trying to land on it.

Travels, troubles, and a wobbly win

GOLF

BEN WRIGHT

TORONTO, June 23.

LAST WEEK-END was momentous for many professional golfers, most notably Andy North and Nancy Lopez. But in the furore that surrounded North's wobbly winning of the U.S. Open Championship and Miss Lopez's fifth consecutive victory on the U.S. women's tour—her seventh in all in a rookie year that has surpassed all records—Jack Newton's own particular triumph was hidden away in the results section of most of the newspapers throughout this continent.

It may, therefore, have escaped your notice that the 28-year-old Australian won the $100,000 Buick - Goodwrench Open at Warwick Hills Country Club, Grand Blanc, Michigan—first prize was $20,000—at the first hole of a sudden death play-off against Mike Sullivan, a second-year professional from Ocala, Florida. But when Newton failed to hole a birdie putt of 15 feet for outright victory on the 18th green, his heart must have dropped to his boots. For Jack is most renowned, if that is the correct way to describe the loser, for his narrow defeat by one stroke over 18 holes, 72-71, at the hands of Tom Watson in the 1975 Open Championship, after the pair had tied at Carnoustie at nine-under-par 279.

One sensed on that fateful Sunday that the winner would go on to greater things, and that the swashbuckling Australian, having twice failed to grasp outright his opportunity, might never get such a chance again in a major event. Those who forecast such an eventuality, and there were many besides myself, were almost sickeningly correct.

Newton accomplished little else of note that year, and, after two early victories in Zambia in 1976, was beset by physical problems and fared even worse. Eventually he returned to his native country in despair, but in October won the New South Wales Open at Royal Sydney by ten shots with a steel-plate in one shoe to correct what a local osteopath believed to be a displaced or crooked pelvis.

Since Newton had been diagnosed in England as having a foot ailment, and been operated on unsuccessfully for that, he was by now thoroughly confused. But his magnificent 19-under-par total of 269, including a worst round of 68—I was happy to have witnessed it all being compiled—was described as the best golf ever played in the state.

Jolly Jack won his player's card in December, 1976, at Brownsville, Texas, alongside his now more famous countryman, Graham Marsh. But, while the latter won $107,765 in 1977 for 22nd place on the U.S. money list and was named rookie of the year, Newton hastened towards oblivion, finishing 156th on the same list, with winnings of $8,519.

In Britain and Europe, Newton was placed 124th and won only £693.67. In Australia last winter he faltered in the closing stages to allow Bob Shearer, his good friend and travelling companion, to win the Colgate Champion of Champions tournament in Melbourne. It seemed that Newton, once regarded as the most gifted young golfer outside the U.S., was to become one of the game's many tragically fallen idols.

His early results in 1978 did nothing to alter that impression. Newton made $400 at Inverrary, tying for 67th, took away $3,400 for a 14th-place tie in New Orleans, and $570 for a share of 45th at Atlanta on the three occasions he has survived a 36-holes cut. Now the whole picture has changed.

Newton gets a year's exemption from the dreaded Monday qualifying, a place in next year's Masters' at Augusta and the Tournament of Champions in California, among other inestimable perks. Perhaps most important of all, his financial worries, coinciding with the fact that his lovely English wife, Jackie, is expecting their first child, have receded considerably, at least for the moment. It was indeed a momentous week-end for the Newtons.

If this ever-popular Australian was once almost a tragic figure, then Johnny Miller is definitely now deep into that category. Miller was thoroughly outclassed alongside playing partners Hale Irwin (69) and Gary Player (71) at Cherry Hills Country Club, Denver, in last Thursday's U.S. Open first round, when he took 78 shots. But Miller for once fought back with 69 on Friday, and with 68 he equalled the best round of the championship on Saturday to get back into contention.

Like so many others, he faded away on Sunday's gusty wind to a 74 and a tie for sixth place. So he came to this week's Canadian Open here at Glen Abbey at last full of hope, only to hurt his back again, while playing in a pro-am en route in Iowa. Miller pulled out of the event on Wednesday, as did his stablemate, Seve Ballesteros, who pleaded exhaustion after playing in 12 events in 13 weeks. Tell that to Gary Player, Seve, who is playing for the 16th week in succession. And Gary must have been much more shattered by the worst putting display I have ever seen from him, as he slumped to a 77 on Sunday—the same final round score as the young Spaniard.

As for Jack Nicklaus, he once again failed to stamp his impression on the event. And my prophecy, expressed some time ago, which was met with widespread ridicule, that the great man may never win another major championship is beginning to look too accurate for anyone's peace of mind, most of all that of Nicklaus himself.

Completely forgotten, however, while North and Lopez were stealing the headlines, and the failures of Miller, Player, Ballesteros, Nicklaus and others were being examined in similar detail, was the performance of the baby-faced, tiny Texan, John Mahaffey, in the Buick event.

Mahaffey was beaten for the U.S. Open title in a play-off by Lou Graham in 1973, and by Jerry Pate's wonder shot to the last green in 1975. His earnings of $141,171 in that year were halved in 1976 and decimated, mainly by injury, to $9,847 last year. Last weekend Mahaffey picked up $1,600 for a share of 14th place, while North was taking the title for which little John was not even able to compete. But for Mahaffey it was also a momentous weekend. He is on his way back, and it could not happen to a nicer man.

Trio of headliners (left to right): Wade, Borg, Evert. Miss Wade has always disliked playing in front of a home crowd, and at last the pressure is off.

Concentration, legs and eyes

TENNIS

JOHN BARRETT

FOR VIRGINIA WADE, the agonies of 15 frustrating Wimbledon years put gloriously behind her at the Centenary championships last year, this year will provide a new and altogether less demanding challenge.

She has always said that she hated to play in front of a British crowd because they always expected so much from her. The pressure is off at last, and if she should lose, she will no longer feel she has let everyone down.

Certainly at Eastbourne this week the Kent girl looked wonderfully relaxed. She felt she was hitting the ball as well as ever—no mean feat considering that she has been playing indoors in the U.S. inter-city Team Tennis League. This was her first outing on grass since last Wimbledon and I was surprised to see how well she was timing the ball.

The fact that she lost in the quarter-finals to Wendy Turnbull, of Australia, will not deter her many supporters, for the gale-force winds of Eastbourne played into the hands of the fast-moving Australia, and these conditions are unlikely to be repeated at Wimbledon.

But at an advanced age for a woman tennis player—she will be 33 next month—Miss Wade is more likely to suffer those occasional lapses of concentration which affect all players as their careers extend. I remember that remarkable Australia, Ken Rosewall, now 43 and still competing, saying that it was the concentration which goes first, then the legs, and finally the eyes.

As last year, Miss Wade has been drawn in the same half as Chris Evert, who is the official favourite. But before repeating last year's exciting semi-final, Miss Wade might have to face Miss Turnbull once again. Seeded No. 7, the Australian will doubtless be confident of repeating her U.S. Open victory over Miss Wade en route to the final.

In the lower half, the all-conquering Martina Navratilova, seeded No. 2, has been cast to play Evonne Cawley in the semi-final. If this match takes place it could be an intriguing contest. Miss Navratilova is much more assured and confident since her move from California to Dallas. Clearly she is benefiting from the help given her by Sandra Haynie, the former U.S. No. 1 golfer.

In the absence of Miss Evert, the former Cezch, who is now an American citizen, swept all before her on the Virginia Slims circuit at the start of the year in America. There was a new relaxation and composure about her game, and those petulant outbursts which have often disfigured her game have disappeared.

Mrs. Cawley is seeded No. 3, and is probably the best of the girls on grass. Thoroughly enjoying her new role as travelling mother, she too is a more relaxed and consistent performer.

Having notched up four grass court tournament wins in Australia, culminating in her third national title last December, she competed sparingly until coming to Britain early for more grass court play in her build-up to Wimbledon. Tournament wins at Surbiton, Beckenham and Chichester, achieved against admittedly relatively weak opposition, revealed a class and natural flair that no other competitor at Wimbledon can match.

With family thoughts increasingly intruding on her future planning, Mrs. Cawley would dearly love to add to the title she won in 1971 as a 19-year-old.

The 15-year-old American schoolgirl, Tracy Austin, becomes the youngest No. 9 seed in history, and looks altogether stronger and faster. Another American, Billie Jean King, returns at the age of 34 in quest of that elusive record-breaking 20th Wimbledon title, and with her past record can never be ignored.

Of the rest, in the women's singles, the ones I see as possible threats are the left-handed Dianne Fromholtz of Australia, seeded No. 8, and the industrious South African, Marise Kruger, seeded No. 11.

In Monday's FT: John Barrett on Bjon Borg

CHESS

LEONARD BARDEN

LAST MONTH'S annual international at Las Palmas proved a fluctuating battle for first place between grandmasters from Western and Eastern Europe. At the end, the East finished narrowly in front: Olafsson, the Icelandic grandmaster, had a winning position before losing his final game with Larsen, and that settled first prize.

Leading scores were Sax (Hungary) and Tukmakov (USSR) 10½ out of 15, Olafsson (Iceland) 10, Miles and Stean (both England) 9½, Westerinen (Finland) and Larsen (Denmark) 9, Mariotti (Italy) and Csom (Hungary) 8½; and seven others.

The general view seems to be that this result was an unqualified British success with both Miles and Stean in the top six. I find it hard to agree.

True, Stean confirmed that he is a strong grandmaster and shared the best game prize with an elegant win against Sax; but Mile's performance was no better than average for him and both the English grandmasters were unable to consolidate when leading the tournament.

In this respect, Las Palmas was an echo of Lone Pine a few weeks earlier. There, Stean lost his last two games when well placed, while Mestel, requiring one and a half points out of four for the grandmaster title, could only make one.

A few years ago the Czech grandmaster Hort commented that English players lacked both the stamina and a sufficient stock of creative ideas for success in a long tournament.

This factor was very noticeable in the Hastings congresses in the early 1970s and in the world team championship where England several times failed in the final round of the qualifying competition.

There has been an improvement since, and Miles's brilliant run of victories in the second half of 1977 shows that he, at least, has the competitive energy to play for first place even in in the strongest events.

Yet the general pattern remains that English players in major internationals often do well but rarely win: Keene, Hartston and Stean have collected many second, third and fourth prizes but few firsts.

That even Miles is liable to "Hort's disease" was demonstrated in the second half of the very strong Bugojno tournament where the British grandmaster faded after being in the leading group earlier.

Unfortunately, the present-day climate of international sport gives little credit to fourth or fifth places. Even a bronze medallist sometimes seems to have the stigma of a loser.

The younger Russians rarely show symptoms of "Hort's disease" and at Bugojno, the most prestigious event so far in 1978 the entire Soviet contingent of four grandmasters finished strongly. Physical fitness is a partial explanation, but a deeper one is mental resilience.

By this yardstick, the really impressive performance at Las Palmas was the Russian Tukmakov's. He came to the Canary Islands direct from the U.S.S.R. zonal at Lvov where he missed qualifying for the interzonal by half a point.

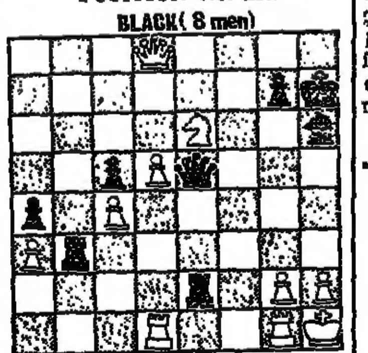
Few could maintain enthusiasm for the next tournament after such a setback, but Tukmakov was unbeaten at Las Palmas till the decisive final round. There he showed too much will to win, and played sharply when a draw would have brought first prize outright.

White: G. Sax (Hungary). Black: V. Tukmakov (USSR). Opening: Sicilian Defence.

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-QR3; 6 B-K3, P-K3; 7 P-KN4, P-KR3; 8 Q-B3, QN-Q2 (more solid is N-B3); 9 Q-R3, N-B4; 10 P-B3, P-K4; 11 N-N3, B-K3; 12 NxN, PxN; 13 Q-N3, B-K2; 14 P-KR4, Q-R4; 15 QxP, 0-0-0; 16 B-QB4! (good defence—Black's sacrifice of a pawn, to exploit White's omission of castling, would be strong with both bishops available for attack) B-Q3; 17 BxB ch, K-N1; 18 Q-B5, PxB; 19 QxKP, KR-K1; 20 Q-B7, N-Q4? (the losing move; better B-N6 ch to keep White's king in the centre); 21 0-0-0 NxB; 22 RxB! R-KB1; 23 QxKNP RxP; 24 Q-K5, RxR; 25 QxR ch, K-R2; 26 Q-Q3, R-N6; 27 N-K2, N-B4 (a blunder, but Black's attack has faded); 28 NxR, Resigns.

POSITION No. 221

BLACK (8 men)

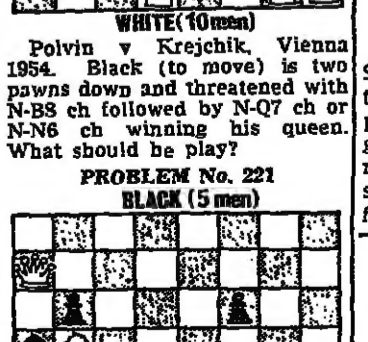


WHITE (10 men)

Polvin v Krejchik, Vienna 1954. Black (to move) is two pawns down and threatened with N-B8 ch followed by N-Q7 ch or N-N6 ch winning his queen. What should be play?

PROBLEM No. 221

BLACK (5 men)



WHITE (6 men)

White mates in three moves, against any defence (by G. Shories, Deutsche Schachzeitung 1920). Black's defensive choice is very limited, but this trappy problem has defeated many solvers.

Solutions Page 12

BRIDGE

E. P. C. COTTER

SOME THREE no trump contracts require the most precise play if nine tricks are to be gathered in. Two deals from rubber bridge of some years ago spring to mind. Here is the first:

	N. ♠ K 10 6 2 ♡ Q ◇ Q J 6 5 3 ♣ Q 10 4	
W. ♠ 8 5 4 ♡ 10 8 6 4 2 ◇ 9 ♣ 9 7 6 2		E. ♠ A J 9 ♡ K 7 5 3 ◇ A 10 8 4 ♣ 8 5
	S. ♠ Q 7 3 ♡ A J 9 ◇ K 7 2 ♣ A K J 3	

With both sides vulnerable South dealt and opened the bidding with one no trump, to which North replied with a Stayman two clubs. When South's two diamond reply showed no four-card major, North jumped to three no trumps.

Without any great hopes West led the heart four, covered by Queen and King, and the declarer paused to plan his attack. With two hearts and four clubs, he required three more tricks, and diamonds seemed likely to produce them.

So taking his heart Ace, South at once led the diamond two to the nine, Queen, and Ace. East returned the heart three, the nine was put up from hand, but West won, and returned a heart to force out the Knave and clear the suit. The declarer cashed the diamond King, and received the bad news that East still had a guard in the suit. He crossed to the club Queen, and tried to steal a spade trick by leading the ten, on which he intended to play his Queen. But East was not to be caught napping — he played his Ace, and returned another heart to put the contract down.

South lacked inspiration. At trick two he should cross to dummy's ten of clubs, and lead the diamond three. This is an Avoidance play which forces East to play low — if he does not, he sets up four tricks in the suit for the declarer. If West has the Ace, he cannot attack hearts, and declarer will have time to set up a spade trick. When the diamond King holds, South crosses to the club Queen, and leads a low spade. Again East must duck, the Queen wins, and a switch back to diamonds ensures the contract.

The second deal is also most instructive:

	N. ♠ 3 2 ♡ K ◇ Q J 7 6 5 ♣ A K 7 5 2	
W. ♠ 10 8 ♡ Q 9 7 6 4 ◇ K 4 ♣ Q 10 6 4		E. ♠ J 9 6 4 ♡ J 8 5 2 ◇ A 9 8 3 ♣ J
	S. ♠ A K Q 7 5 ♡ A 10 3 ◇ 10 2 ♣ 9 8 3	

South dealt at game all and bid one spade, North said two diamonds, and South rebid two spades. However, when North said three clubs, South tried three no trumps, and all passed.

West led the six of hearts, dummy's King won, and East dropped the eight. If spades broke 3-3, the contract was on ice, but in case they were 4-2, South looked for a second string to his bow. As the time factor ruled out diamonds, South turned to clubs. At trick two he led the club two from the table, losing to East's Knave. A heart was returned to the Ace, but now with both black suits proving unkind, South found himself two short of his contract.

The declarer was right to attack clubs, but he missed an added chance. Instead of leading the two at the second trick, he should have played the Ace, just in case East had a singleton honour. When the Knave falls, he unblocks the nine in hand, continues with the two, on which he plays his eight, and West must duck, otherwise declarer can run the rest of the suit.

Now South turns his attention to spades, leading the five from hand — a safety play against a 4-2 division of the suit — and gets home with four spades, two hearts, and three clubs.

TRAVEL

Days away from it all

BY SYLVIE NICKELS

IN SPITE of everything, its extraordinary how many wide open spaces survive in Britain. And it is fortuitous for some of us that so much of the population likes to jam itself (through gregariousness, laziness?) into fairly limited areas of them. On the hottest of high season days, we have found routes with little or no traffic, and areas shared with but a few like-minded souls. It presupposes the whole family likes walking and appreciates nature in some of its various forms; if not, there is litle point in reading on.

A peculiarly British characteristic seems to have given birth to a plethora of organisations dedicated to the preservation of some aspect or other of our natural heritage. They range from large nation-wide bodies to small organisations devoted to perpetuating some little stretch of water or tiny acreage of natural vegetation.

The British Tourist Authority's publication *Nature Trails* (35p) for a start lists over 375 such walks in 57 counties and regions. Many of them are operated by local naturalists' trusts or district councils and, in each case, the appropriate address is given with a brief description of the terrain, length of the trail and whether there is a charge. In many cases, a free or inexpensive guide can be obtained on the spot.

These trails are usually only a mile or two in length. If you want to go to the other extreme, the Countryside Commission have a leaflet outlining our several long distance paths, ranging from the North and South Downs Ways and the 167-mile Pembrokeshire Coast Path to the 250-mile Pennine Way. Short stretches of these could make an excellent day's outing, especially if a lazier member of the family could be persuaded to pick up the walking party at a later stage and avoid the need for retracing steps.

The Countryside Commission, the Forestry Commission and the National Trust (Britain's largest private landowner), through whose territories a high proportion of marked trail mileage passes, produce excellent material both of a general and quite specialised nature covering *all the natural features* of their terrain and the ways in which they can be enjoyed. On-the-spot information centres often present imaginatively designed displays of appeal to all ages.

Ornithological organisations like the Royal Society for the Protection of Birds and the Wildfowl Trust, plus a host of smaller localised associations, have lists of and leaflets on the various reserves under their control.

Serious bird watchers may rue a little the immense increase of interest in their pet activity (witness the phenomenal rise in the membership of the RSPB in recent years), but have the consolation that the majority will content themselves with the easily accessible. One of the advantages of bird watching is that you can do it anywhere from a main road lay-by to the loneliest peak or pasture; usually the rewards are in direct relation to the amount of effort (and patience) invested.

The Inland Waterways Association is another private body which over the past 30-odd years had been battling against indifference: in this case to save our navigable rivers and canals, almost literally inch by inch, from irreversible dereliction. *Many waterways pass through* wonderfully unspoilt countryside away from main roads or, indeed, any roads at all, and where there is a canal there is usually a towpath.

Open spaces of a quite different kind are the concern of the National Gardens Scheme of the Queen's Nursing Institute, through which hundreds of glorious private gardens throughout the country, not normally accessible to the public, welcome visitors for a small entrance fee on certain days. An annual guide *Gardens of England and Wales open to the Public* (1978 edition, 65p including post and packing) details them all from exuberant cottage gardens to exotic landscaping on a grand scale.

These provide a salutory reminder that the human touch has not always been disastrous and, in your wanderings through the countryside, it is worth looking out for some of the other less destructive aspects of man's presence.

One aid to this is the Guide to Craft Workshops (£1, including p and p) produced by the Council for Small Industries in Rural Areas (CoSIRA), which will lead you to any of scores of country craftsmen and women producing everything from corn dollies and coffee tables to murals and medieval weapons. Another comes from an unusual body whose work has recently come to my attention: the Redundant Churches Fund, dedicated to saving churches of architectural and historic merit which have been formally declared redundant because they are no longer used for regular worship. There are 120 of them scattered about England, from Northumberland to Kent and Devon, many of them set in delightfully little known countryside away from main roads. You are almost certain to be passing near one or other at some time and the RDF produce a map for 30p on which they are all marked.

Stratford: fun to visit but crowded at times

Further information or publications lists from: British Tourist Authority, 64 St. James's Street, London SW1A 1NF; Countryside Commission, John Dower House, Crescent Place, Cheltenham Glos.; Forestry Commission Alice Holt Lodge, Wrecclesham, Nr. Farnham Surrey; National Trust, 42 Queen Anne's Gate, London SW1H 9AS; RSPB, The Lodge, Sandy, Bedfordshire; Wildfowl Trust, Slimbridge, Gloucester GL2 7BT; Inland Waterways Association, 114 Regent's Park Road, London NW1 8UQ; National Gardens Scheme, 57 Lower Belgrave Street, London SW1W 0LR; CoSIRA, 35 Camp Road, Wimbledon Common, London SW19 4UP; Redundant Churches Fund, St. Andrew-by-the-Wardrobe, Queen Victoria Street, London EC4V 5DE.

Your weekend £: Austria 27, Belgium 59.50, France 8.33, Italy 1,540, Greece 67.50, Spain 142.25, Switzerland 3.40, U.S. 1.84. Source: Thomas Cook.

Things to see by bus and train

ANY WEDNESDAY until October 4 you can take a combined rail/coach tour from Paddington and, at a cost of £4.75 (children's reductions nearly always apply), travel Inter-City to Oxford and tour the colleges with an experienced guide. After lunch, which is not included, you continue by road to Bladon, the burial place of Sir Winston Churchill, and afterwards visit his birthplace, Vanbrugh's massive Blenheim Palace. While I have given the ex-London price, you can also join the train at Slough or Reading or make your own way to Oxford and join the tour there.

For those who wish to see a relative newcomer to the stately homes circuit, a day's tour every Tuesday from now until September 19 takes you to Leeds Castle in its lovely setting on twin islands, encircled by a small lake in the heart of the Kent countryside, a favourite rural retreat considerably extended by Henry VIII. The return fare from Victoria Coach station, including admission to the castle, is £3.95.

Another fascinating trip on sale until early October (the tour is available any day except Monday but operates on August Bank Holiday), is a combined rail/coach excursion which takes in Wilton House before going on to Stonehenge.

With a mid-morning departure from Waterloo to Salisbury, continuing by coach, you can return by any train the same day and all admission charges are included for £6.00. An additional note says "sorry, no dogs." The option of returning to London by any train is a bonus as you can visit the lovely Cathedral Close and the mediaeval heart of Salisbury.

To the lasting regret of many of us, steam trains have passed into history but you can still go Steaming Through the Shires after catching a horribly impersonal modern monster from St. Pancras to Loughborough. You then pick up a beautiful puffer on any Saturday until the end of the year at an inclusve cost of £4.25. If you feel like lunching or dining in the old-fashioned way, a full restaurant service is available on most departures from Loughborough Central.

Perhaps the most imaginative combination of all operates on two Sundays, August 27 and September 10. This aptly named Flying Merrymaker is also available from Rugby and stations to Watford Junction. You then pick up a coach at either Euston or Marylebone, try out the old with a trip on the Bluebell Railway and end up with an hours flight over the Sussex countryside in a BIA Dart Herald from Gatwick. Numbers are limited so book early at a knockdown price of £12.20.

If you are a real glutton for train travel, a one-day trip on Friday, September 1 from Euston to Perth and on to the Royal Highland gathering at Braemar takes you by coach along the highest road in Scotland. Entry to the games is extra and inclusive travel is quoted at £13.75.

Several specialist excursions operate on only one date. As an example, on Wednesday, July 5, it will cost you £4.55, travelling from Euston, to visit the Llangollen International Musical Eisteddfod, which has grown in stature over the years. Ground admission will be available on the day at 35p for adults and 25p for children.

If, taking advantage of the when you each you destination, inclusive day return fares, you would rather do your own thing there are daily departures of £3.70 return from Victoria Coach station to Bath. This gives you some seven hours in this charming city with its extensive Roman remains, the exquisite contours of the Georgian crescents and the Museum of Costume, of which I wrote recently.

There are literally pages of day trips in the "Go Merry-making" brochure available from any London Midland Region station or from the Divisional Manager, British Rail, Euston Station, London NW1 1BG.

I have listed just a handful of the many goodies on offer and, whatever your own particular interests may be, a little absorbing brochure study will certainly pay day-excursion dividends.

Addresses: British Rail (Inquire locally or at address above). Main Line Steam Trust (Steaming Through the Shires), 33B Nevanthon Road, Western Park, Leicester LE3 6DR. National Travel, Victoria Coach Station, Buckingham Palace Road, London SW1W 9TP (for local coach station).

PAUL MARTIN

COINS

JAMES MACKAY

THE OUTBREAK of World War I occurred at the August Bank Holiday of 1914—a fortuitous coincidence that allowed the Bank of England to extend the holiday, suspend all specie payments, rush out an issue of Treasury notes in denominations of 10 shillings and a pound and raise the Bank Rate to a record 10 per cent, thus averting economic crisis. Treasury notes, regarded at the time as a temporary expedient, remained in use till 1928 when they were replaced by the first Bank of England notes. In the year of their Golden Jubilee the Bank of England pound notes have actually been decreased in size, though I am assured that this has no commemorative significance, while the ever-increasing costs of high-grade rag paper would have made such a trimming of dimensions inevitable.

The 10 shilling note has long since vanished, an early casualty of inflation that gave way to the much more durable 50p coin. As for the sovereigns and half-sovereigns which disappeared overnight from circulation in August, 1914, nominal production of halves continued into 1915 and gold sovereigns of King George V may be found dated up to 1925. Like their Elizabethan counterparts which have been minted sporadically during the present reign, these gold coins have never been in circulation at their face value, though theoretically they are legal tender for one pound. Legal tender they may be, but at times in recent years it has actually been illegal to possess them, and even now UK residents may not purchase gold coins struck since 1975.

Since the demise of the 10 shilling note there has been mounting pressure for the introduction of a coin to replace the shrinking pound note. The only precedent in Britain for a circulating pound coin in a metal other than gold was not a happy one. The Royalist mints at Shrewsbury and Oxford during the Civil War had very little gold but an abundance of Welsh silver and the commandeered plate of the Oxford colleges, and it was logical therefore to strike pounds, half-pounds and crowns in silver. The pounds were four times the size and weight of the crowns and were exceedingly cumbersome. It is thought that the idea of such clumsy pieces came from Prince Rupert of the Rhine who would have been quite familiar with the large silver multiple thalers then used in many parts of Germany.

It is in the present Federal Republic of Germany that the tradition of high-value coins in general circulation is the oldest. As long ago as 1951 West Germany revived a DM5 coin, continuing the practice of the Weimar Republic and the Third Reich. It was slightly smaller than our half crown but struck in silver and worth—at the rates of exchange then current—8s 4d (41½p). The DM5 coin continued to be struck in silver till 1975 but since then it has been minted in cupro-nickel. Ironically, as the intrinsic value of the DM5 has vanished its

worth in terms of sterling has risen dramatically and is now the most valuable coin in general circulation.

Switzerland had silver 5 franc coins at the turn of the century which were worth less than our crowns. By 1968 when they were superseded by a cupro-nickel version these 5 franc pieces had risen considerably in value against sterling and today rank among the few coins in the pound-plus bracket. France has endured tremendous fluctuations in her currency this century, but in the past two decades the heavy franc pioneered by De Gaulle likewise fared better than sterling. Ten franc pieces were struck in silver till 1973 and in cupro-nickel since then.

The British Government has studied the case for the re-introduction of a circulating pound coin but has shelved it for the time being since it could see no way round the question of relating the size and weight of the proposed pound coin to the existing 50p coin. The Isle of Man Finance Board and Tynwald, the island's parliament, have cut through this Gordian knot by ignoring the weight/size ratio to the 50p and going for an entirely new coinage metal—just as the weight and size of the bronze 2p is not related to the cupro-nickel 5p.

Island garden in the British sun

ON THE tiny island of Tresco in the Isles of Scilly is a garden so fabulous that, once within its protective tree belt, it is easy to imagine one has been magically transported to the Pacific. Even the little group of islands ranged more or less in a circle around shallow water amid the Atlantic deep contributes to the illusion that these are islands encircling a tropical lagoon.

The story of the creation of this fantastic garden is one of the great romances of English horticulture. It was due, in the first place, to the vision of one remarkable man, Augustus Smith, but his dream could not have been fully realised without the continuing labours of four generations of his descendants who even to the present day, despite all the difficulties imposed by taxation and inflation, continue to maintain and improve the garden without seeking public assistance. I spent a short weekend there earlier this month and thought it more beautiful and in better condition than I can recollect in all the thirty years that I have known it.

Augustus Smith could be described as an autocratic Victorian do-gooder though, in fact, he was in full possession of all the islands several years before Victoria came to the throne. He introduced universal education by the simple expedient of charging 1d a day for attending school and 3d for staying away. *At that time the islands were* barren and poverty stricken, the inhabitants scraping a living mainly by fishing, smuggling and wrecking. Today the islands are prosperous and beautiful, a Mecca for tourists for whom Tresco Abbey garden is one of the essential wonders to be enjoyed during their stay.

Augustus Smith chose Tresco for his personal home because he wanted the maximum of privacy. It is one of the smaller islands, little more than two miles long and barely a mile wide and at the time of his purchase in 1834 it must have been a singularly unattractive place. No trees grew on it nor even gorse bushes, which Smith was quick to introduce. There was no building of any size, although there had once been a monastery of which a solitary arch within the garden remains as a reminder. The monks chose this spot because there is abundant fresh water here and it was probably this, and the fact that it is a little sheltered from north and west by a low ridge, that made Smith select for his new mansion which he called Tresco Abbey, for already he had conceived the idea of making a garden in this unlikely place.

He realised that if any but the toughest plants were to be grown he must provide shelter, but he had no idea what would survive. It is not that the climate is cold for the island is washed by the Gulf Stream *Drift*, which is not exactly warm, as many people imagine, but scarcely changes the temperature at all from a chilly 10 to 12°C winter and summer. The sunshine is so clear that it can skin you in a few hours. The hazard for plants is the wind which sweeps in from the Atlantic with unbelievable fury in April. I have struggled around the cliff paths of neighbouring Bryher literally leaning against the wind.

GARDENING

ARTHUR HELLYER

So Augustus Smith built his house and planted miscellaneous trees in the hope that some would remain alive and while he waited for them to grow he filled his garden with the toughest palms and succulent plants from the Canary Islands and other places in which plants have learned to adapt themselves to similar hazards.

His shelter belt progressed slowly but it was not until shortly before his death in 1874 that he observed two trees outstripping all the others. It was a remarkable discovery, not only for Tresco but for maritime gardens throughout Britain.

For the trees were the Monterey Pine and the Monterey Cypress, *Pinus radiata* and *Cupressus macrocarpa*, two evergreen conifers that in the wild had become almost extinct, except in a small area on the coast of California, but in cultivation were destined to thrive and give shelter to gardens in many parts of the world. Both are unaffected by salt laden gales and grow rapidly in the most exposed places so long as they do not have to endure severe frost. It was precisely what Tresco Abbey needed, and soon the woodland which wraps protectively round the garden was replanted almost entirely with these two trees. As they grew upwards the flora within the garden became increasingly varied and tropical.

Today it can rival many sub-tropical botanic gardens and plants are constantly being sent from such places as Kew to test their potentiality for survival in such very special, man-made mini-climates as this.

When I stayed there a few weeks ago the strange euphorbia—green and yellow spikes of more than two dozen. *Puya chilensis* stood like soldiers on one of the ridges and nearby *P. alpestris* was preparing to unfold its even more startling peacock blue spires. Great *echiums*, some of them wild species from the Canary Islands, others handsome hybrids between them created at Tresco, were flowering all over the garden. So were aeoniums from the Canary Islands, *mesembryanthemums*, *aloes*, *pelargoniums* and *watsonias* from South Africa, strange *fuschias* and *bomarias* from South America, 30 feet *fuscraeas* from Central America, *kennedyas* from Australia and hundreds more.

Most remarkable of all were the meterosideros from New Zealand, some of them great evergreen trees which throw out aerial roots even from branches high above the ground. In their descent they strangle other trees in their path and eventually grow into trunks, so that, in time, one tree can resemble a grove.

They were just bursting into scarlet flower which at its peak can be seen like beacons from St. Mary two miles distant across that lagoon-like stretch of water. It is the island on which one must land by sea or air on one's way to Tresco.

Launches ply frequently between the islands, and Tresco itself has two excellent hotels, though they get fully booked for the high season. But because of its equable climate Tresco Abbey garden has flowers to offer at all seasons. I have been there in early March and found it full of Australian acacias and South African heaths as well as strange proteas and banksias from both countries, and I have also been there in autumn to admire late-flowering bulbs of many kinds, kniphofias, fuschias and the pelargoniums which never seem to tire of flowering.

Finding a name for it

TWO HUNDRED years ago, in 1778, there died in Uppsala in Sweden a man of whom his monarch, King Gustav III, was subsequently to say in his speech from the throne at the opening of the Swedish Estates: "I have lost a man who has done honour to his country as a loyal subject as well as being renowned throughout the world." That man was Carl Linnaeus, who is acknowledged the world over as the father of scientific botanical and zoological nomenclature.

Linnaeus was born into a clerical family in southern Sweden on May 23 (New Style) 1707. His father was an enthusiastic amateur horticulturist, and at an early age young Carl began to develop a deep interest in and love for plants. In 1728 he matriculated at the University of Uppsala, where he studied medicine (to which botany was at that time allied), qualifying as a doctor at Harderwijk in Holland in 1735.

Linnaeus has been hailed as one of the great polymaths of the 18th century. Although it is true that he was skilled in chemistry, agriculture, geography, ecology, geology, mining, assaying, and in many branches of medicine, his most important contribution to science is undoubtedly his introduction of a consistant binominal or binary (two word) system of scientific nomenclature for plants and animals, which is still used by botanists and zoologists today.

When describing a plant or animal Linnaeus employed both a multi-word diagnostic name, intended primarily as a means of identification, and also, for more general use, a two word trivial name, the first word indicating the genus and the second the species. Before Linnaeus there was no one generally accepted method of scientifically naming the vegetable and animal kingdoms.

Pre-Linnaean nomenclature was not only often multi-word, unwieldly and not universally recognised, but it was, above all, inconsistent. Although Linnaeus was not the actual innovator of the binary system of biological nomenclature, it was his adoption of a single consistent binary system, which was subsequently accepted throughout the world, which is the most valuable of his contributions to science.

In 1730, while still at university, Linnaeus wrote a short botanical thesis entitled *Praeludia Sponsaliarum Plantarum (Introduction to the Floral Nuptials)*, in which he expounded his theory of the sexuality of plants; on this theory he was subsequently to base his system of botanical classification. Earlier scientists—among them Nehemiah Grew of England, Joachim Camerarius of Germany, and the Frenchman Sébastien Vaillant—had suggested that plants reproduce in much the same way as animals, but it was left to Linnaeus to prove this theory indisputably. In his thesis he discusses the functions of stamens and pistils (the male and female reproductive organs) and pollen and seeds (sperm and ova) in pollination (insemination), and shows that if the anthers (testes) are removed (castration), fertilisation is impossible.

This conception, which enables any newly discovered plant to be assigned to its correct family, was developed in *Species Plantarum* (1753) and *Genera Plantarum* (5th edition, 1754), in which 7,700 members of the vegetable kingdom are classified and are given scientific Latin or Latinised names, frequently descriptive, geographical or ecological. Pre-1753 scientific botanical names are not now accepted unless they were subsequently adopted by Linnaeus or by later systematists. These two works have been accepted throughout the world as the basis of scientific botanical nomenclature.

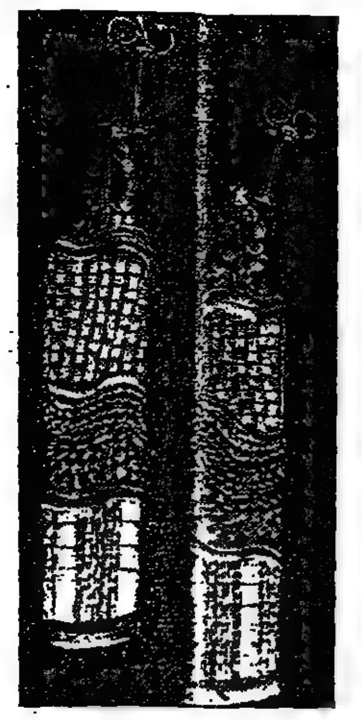
In 1758 Linnaeus published the 10th edition of his *Systema Naturae* (the first edition of which had appeared as early as 1735), which performs the same function, for 4,400 species of animals as the two earlier works had done for plants. *Systema Naturae* has similarly been internationally accepted as the foundation of scientific zoological nomenclature.

Linnaeus brought to his immense self-imposed task of bringing order out of chaos in the classification and naming of plants and animals, tremendous application, unusual powers of observation and deduction, an insatiable appetite for hard work, a well-developed sense of order, and the ability to work methodically and to recognise as related seemingly unrelated facts. His work enables scientists in different parts of the world to identify, from its universally accepted binary Latin name, a species with differing vernacular names; the debt owed him by latter-day taxonomists is incalculable.

CHRISTOPHER LEVER

HOW TO SPEND IT

by Lucia van der Post



ABOVE
This ring is typical of Jan Goodey's work, incorporating as it does a rustic gate and little stone wall. Made from silver, 9 and 18 carat gold and copper, the materials she is most fond of, the ring costs £78. Round the ring is a necklace, which uses identical materials but in addition has moss agate stone. £96.

CENTRE
Long ear-rings by Jan Goodey made from silver, red (9 carat) and yellow (18 carat) gold and copper. Designed for pierced ears but could be adapted for unpierced ears. £70, the pair.

RIGHT
This is Jan Goodey's own drawing for a pendant that incorporates all her favourite themes—a landscape, waterfall, trees, fields and stone wall. Also made from red and yellow gold, silver and copper, it is £145.

Goodey's goodies

ANYBODY WHO is interested in modern jewellery will have noticed that the romantic and decorative elements are currently experiencing a great revival. Clare Murray's designs, incorporating little mice and daisies, houses and trains, have often been shown on these pages. The work of young jewellers and silversmiths at Loot has illustrated these trends very well.

A young jeweller, whose work is new to me, Jan Goodey, seems to have taken this trend even further, but though she has extended the use of figurative images in jewellery she seems to have done so in a bold and successful way.

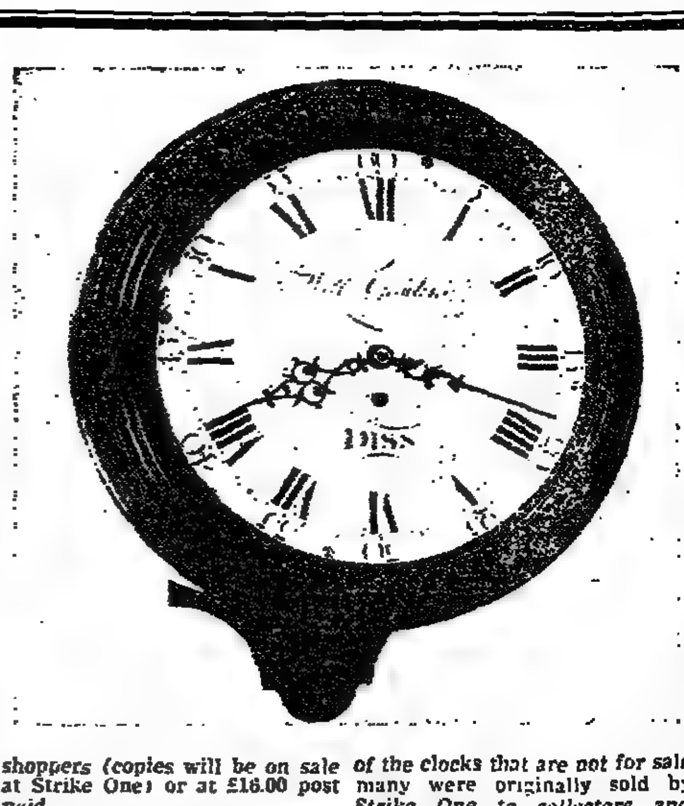
If you are interested in the way new jewellery is going or perhaps just want to buy one or two interesting pieces either for yourself, for a present or as an investment, then you should go along now to Argenta Gallery at 84, Fulham Road, London SW3.

This gallery has always made a point of being very adventurous. It doesn't go just for the commercially proven, safe option and yet David Jewell, who manages the shop, manages to combine a sense of newness and excitement with impeccable taste and judgment.

Jan Goodey uses silver, red and yellow gold and copper to create amazingly rich canvases within the very tiny work surfaces that jewellery offers. Within the confines of the size of an earstud she can create a whole landscape — swirling streams and meandering walls with gates and stiles and trees. Her rings incorporate the little stone walls, the rolling hills and leafy trees typical of the North Yorkshire or Northumbrian landscape. She uses finely woven and twisted gold and silver wires to create these rich effects. Finely contrasted textures are the basis of her work and she uses the different coloured golds (red and yellow) as well as copper to add a greater range of contrasts and increased perspectives. Copper deepens in colour with time so though at the beginning it is very similar in colour to red gold, as the months pass it will begin to be more and more distinct.

It is immensely difficult to convey both the delicacy and the richness of her work—the smallness of the scale in which she contrives to pack such diversity of texture and pattern is remarkable. I hope the photograph and sketches here will give you just some idea of the range of her work.

Striking faces



ENGLISH DIAL CLOCKS are one of the great and enduring successes of British design and craftsmanship. At one time an English dial clock was to be found in the library and servants' quarters of every great house, in schools, on railway stations, in gentlemens' clubs, in offices and every other bastion of English life. For some reason they came, in some circles, to be regarded as old-fashioned and many is the architect or designer who picked one up for a song from some demolition yard after it had been unceremoniously discarded in the course of some so-called modernisation.

Fortunately they have nowadays come to be recognised as one of the alltime appealing, functional, apposite designs and Strike One, a fascinating clock shop at 1a Camden Walk, Islington Green, London N1 8DY, has decided to hold an exhibition of well over 50 such clocks, many of which will be for sale.

The exhibition was originally timed to coincide with the publication of a book on the subject, English Dial Clocks by Ronald Rose, which is expected to become the definitive work on the subject. Unfortunately publication has been held up and copies won't be available for another three weeks.

Published by the Antique Collectors' Club the book will be available at £15.00 to personal shoppers (copies will be on sale at Strike One) or at £16.00 post paid.

If you love this sort of clock, as I do, then go along to Strike One where you will see a unique collection of them in all shapes, sizes and styles. Some of them are very valuable (the one photographed here is by William Gostling of Diss and is an early form of brass dial timepiece with verge escapement, wood bezel and a finely engraved signature —since it is rare and special it costs £950) and nothing at the exhibition is less than £500.

All Strike One's clocks carry an international guarantee and of the clocks that are not for sale many were originally sold by Strike One to collectors and private purchasers.

The exhibition is on from now until Saturday, July 15, and the shop is open every day except Sunday from 10.00 am to 5.00 pm. Besides the English Dial Clocks the usual selection of longcase, bracket, carriage and lantern clocks can be seen and bought at prices starting from about £200. If all these are beyond your means, consider spending £1.50 for a charming chart of English Wall Clocks—this offer is for personal shoppers only, unfortunately.

Lovely labels

LAST autumn, just in time for all the autumnal bottling and preserving, I showed some of the charming, full-colour labels sold by Thame Labels, Wellington Street, Thame, Oxfordshire OX9 3AD. Many readers loved them and bought them. First, they were unusual because they are in full-colour and the colouring is part of their charm. Second, they were amazingly reasonable in price: £1.00 per pack.

Anybody who wants some specially attractive labels to complete the appearance of their home-made preserves might like to know that Thame Labels have now extended their range to include three types of label. There are the full-colour labels intended for jams and preserves and featuring apples, pears, blackberries, plums, cherries and so on round the border. Then there is a label intended for marmalade, featuring oranges, lemons and grapefruit round the edges. Finally, for those who are now producing their own wine, there is a lovely square label which features grapes and vines very prominently, though other fruits are included, too.

Jam and marmalade designs are each 1½ in. by 3 in. (oblong), but the wine or bottled fruit one is much bigger—3 in. by 3 in.

They can all be bought by post from the address given above. Each pack costs £1.00, including postage and packing, and for this you get jam or 40 marmalade labels or 24 wine or bottled fruit ones. All are full-colour and self-adhesive.

The multi-coloured dreamcoat

I SUPPOSE this is the latter-day version of Joseph's multi-coloured dreamcoat. It certainly is almost a work of art. Tess Martineau takes the ordinary padded jackets imported in bulk from India and by covering them in a beautifully-chosen assortment of Liberty print cotton fabrics turns each one into something special and unique. Tess Martineau, and her partner, Carol Mordaunt, work from home in the country so don't expect to be able to order in bulk and receive instant attention.

Because they are all hand-made and their charm depends upon the careful selection of the fabrics that make up the patches it takes at least three weeks for a jacket to be made. If a hundred people want one obviously they will not all be able to receive their jackets in three weeks but I can assure you they are worth waiting for. They aren't washable but can go into coin-operated dry-cleaning machines and can then be smartened up by using spray starch.

They are to my mind the ideal cover-up for our erratic summer weather—they go splendidly with jeans and look equally good over some dresses. You can choose the rough spectrum of colours that you would like your jacket to be — mainly blues, browns, greens or oranges.

Sizes are small, medium or large. An example of the jacket can be seen at Sylvia's, 25 Beauchamp Place, London SW3, through whom all orders should be placed. They cost £60 each.

Look! no trees

FOR those who believe in being comfortable when out-of-doors (and, if you can afford it, why not?) the most luxurious hammock that I've come across is Rosenthal's mobile wooden hammock which comes complete with its own support and doesn't depend upon nature obligingly providing a couple of trees of the right strength and distance apart.

Rosenthal produced this design a couple of years ago but it was initially quite difficult to get hold of—now they say they have better supplies. Designed by Waldemar Rothe as part of Rosenthal's first attempt to branch out into the furniture market, the frame is made in either oiled or stained beech and the hammock itself can be made from mesh or canvas. The metal parts are completely rust-proof and for extra comfort you can buy mattresses to fit as well.

The hammock is delivered flat so that you have to put it together yourself but this is not difficult and has the further advantage that you can then pack it flat again when winter comes. The hammock is £249.50 (inc. VAT) in black stained beech or £237.50 in natural oiled beech. Mattresses are from £69.50.

If you want to make the outdoor life lusher still Rosenthal sell a drinks trolley which can wheel all the gastronomic delights your purse can stand. It has a wooden frame and two large circular plastic trays—the bottom one can hold bottles. The trays can be detached, which makes them doubly useful. In black or white, the trolley is £122 (inc. VAT).

This luxury range is available only from Rosenthal Studio-House, 102 Brompton Road, London SW3 but delivery is free within the U.K.

Cooking with Philippa Davenport

CUCUMBERS, village cricket, the hiccupping purr of lawn-mowers and the blowsy somnolence of full-blown roses, are all to me part of the archetypal English summer. If cucumber is served with its cool green colours, delicate flavour and crisp moist texture, it is a surer sign than any barometer will give that the weather must be fine. It would be unthinkable to serve Pimms without a flottilla of cucumber, borage, ice cubes and fruit; and tea on the lawn would lose half its charm if there were no wafer thin brown bread and cucumber sandwiches.

Cucumber is the perfect ingredient for deliciously refreshing raita (yoghurt, cucumber and garlic) and salads, creamy mousses, cold sauces and iced soups. It is less often used—but equally delectable — as a cooked vegetable.

You need quite a lot of cucumber for cooking — about 7-8 oz. or a minimum of one fat 12 inch-long cucumber to serve two. The skin becomes bitter during cooking so peel it away (I use a Prestige swivel potato peeler—inelegant-looking but rating top marks for minimum wastage of flesh). Seeds should also be removed before cooking, the flesh cut up (I think matchstick pieces about 1½ inches long and no more than ¼ inch thick look prettiest), and some of the moisture drawn off.

The traditional way to degorge vegetables involves layering them with salt in a colander under a weighted plate. I find this method too harsh for cucumber: the delicate flavour is far better retained (and just as much moisture drawn off) if you use a mixture of salt, sugar and vinegar. Allow ½ teaspoon salt, ½ teaspoon caster sugar and one teaspoon tarragon vinegar for each 12-inch cucumber. Lay the skinned and seeded cucumber matchsticks in a shallow dish, add the vinegar mixture, toss lightly, cover and leave in a cool place for 1—5 hours. Drain and pat dry very thoroughly before cooking using lots of paper kitchen towels.

CUCUMBER PORK—serves 4

A delicately flavoured dish which is equally good, but more expensive of course, when made with escallopes of veal or noisettes of lamb instead of pork.

2 x 12 ins long fat cucumbers (skinned, seeded, cut into matchstick strips, soaked, drained and dried as described). 1 lb pork tenderloin, butter, 1½ teaspoons plain flour, 6 tablespoons good chicken or veal stock, 1½ tablespoons lemon juice, salt, pepper, 7 fl ozs thick cream.

Turn the prepared cucumber matchsticks into a gratin dish with 2 tablespoons melted butter. Add a good grinding of pepper, cover with a dome of foil and bake at 350°F gas mark 4 for about 45 minutes, turning occasionally, until tender but still slightly crisp and barely coloured.

Trim all fat from the pork, cut across into ¼ inch thick slices and beat flat between sheets of clingfilm (much easier than using greaseproof paper I find).

Dust with pepper and cook a few at a time in foaming butter —you'll need about 1½ ozs—in a large sauté pan. Transfer the pork to a warm dish, cover and keep warm.

Add a generous ½ oz butter to the pan and scrape the meat sediment from the base. Stir in the flour, pour on the stock and lemon juice and stir to blend well.

Add the cream and stir continuously while it bubbles up, reduces and thickens a little.

Add the cucumbers and their juices and continue stirring for a minute or two until well coated with the sauce. Taste and add more lemon juice, salt or pepper as necessary.

Turn into the centre of a serving dish and arrange the slices of pork round the edge.

CUCUMBER WITH HERBS—serves 4

A pretty looking dish with a nice contrast of textures. Serve it as a vegetable accompaniment to a meat dish or as a first course dish in its own right.

2 x 12 inches long fat cucumbers (skinned, seeded, cut into matchstick strips, soaked, drained and dried as described), 4 tablespoons each of freshly chopped chives, parsley and dill leaves, 3 oz butter, 2 oz breadcrumbs, 2 hard-boiled eggs, coarsely chopped.

Fry the breadcrumbs in 1 oz butter, drain on kitchen paper, pile into the centre of a round serving dish and keep warm in the oven. Fry the prepared cucumbers in the remaining butter over medium heat for 8-10 minutes, stirring and turning from time to time. Switch off the heat, add the herbs to the pan and mix well with the cucumber. Arrange the chopped egg in a ring around the fried crumbs and pile the cucumber round the edge of the dish.

CUCUMBER A LA FRANCAIS

serves 4-6

A variation on petits pois à la Française which I used when most of our pea crop was harvested by the birds.

2 x 12" long fat cucumbers (skinned, seeded and cut into matchstick strips, soaked, drained and dried as described), ½ lb peas (shelled weight), 6-8 outer leaves of a lettuce, 6 salad onions, 4 oz butter, salt, pepper, sugar.

Shred the lettuce and chop the onions—green part as well as white. Sweat in 3 oz butter. Pour on a scant ½ pint of boiling water, add the peas and a good pinch of sugar. Bring back to the boil, cover and simmer until the peas are tender—how long this will take depends on their age. Add remaining butter and the prepared cucumbers and cook, uncovered, stirring occasionally until the cucumbers are tender and the fat and liquid have reduced to a sticky coating sauce—about 10 minutes. Season to taste with salt, pepper and sugar, plus a squeeze of lemon juice if wished.

FRIED CUCUMBER WITH HAM

serves 6

A creamy rich sauce is used in this recipe too: a vegetable dish which goes well with grilled or roast lamb, veal, chicken or gammon steaks. A really large sauté or paella pan or wok is needed.

3 x 12 inches long fat cucumbers (skinned, seeded, cut into matchstick strips, soaked, drained and dried as described), 3 oz butter, 4-6 oz thinly sliced lean ham, salt, pepper, freshly chopped basil, ¼ pint thick cream, 2 large egg yolks.

Melt the butter in a large pan. When hot add the prepared cucumber and fry over medium heat for 8-10 minutes, stirring and turning the vegetables every couple of minutes so that they cook evenly. Beat the egg yolks and cream together with a good seasoning of salt and pepper and a tablespoon or so of chopped basil.

Cut the ham into matchstick strips, add to the pan and stir to mix well. Reduce heat to very low or switch right off. Pour on the egg and cream liaison and cook, stirring continuously, until the sauce thickens and clings nicely to the cucumber and ham. Serve immediately.

Potted herbs

A FEW weks ago I wrote about some charming garden pots from Ironsware but in the course of the piece I also mentioned my own problems in getting herbs to sprout. For instance, I love the look of all those strawberry, parsley and other decorative pots but I have often found that I have only been able to induce parsley to grow out of the top, leaving all those side-openings bare. The answer is to buy a pot ready-planted and here a fairly new nursery called Hollington Nurseries of Woolton Hill, Newbury, Berks, can come to the rescue.

They have a large range of charming pots all of which can be sold planted with flourishing herbs of all sorts. There is, for instance, a large pot, like the one in our picture, which can be filled with nine different herbs (price is £15.75 for the large 14-inch size, £7.90 for the small size with seven herbs). You could alternatively buy a large pot, 14 inches high, planted with three different sorts of thyme for £15.75. There is also a strawberry pot for £6.55, a parsley pot for £4.35 (for the small size) or £6.55 for the large size.

Because pots are very fragile they cannot send by post but a selection of these planted pots can be found in a wide range of garden centres, including Syon Park, Middlesex, Blakes of Chelsea, Riverside Nurseries of Hendon, William Woods of Slough and Hilliers of Winchester. If you would like information about your nearest stockist Hollington Nurseries will supply it if you write.

If you can get to the nurseries themselves there is a much bigger selection of herbs (some 50 varieties) and pots at their own premises.

Easy glider

NO MATTER how willing you may be to tip porters, they aren't always there when you need them and one of the dreariest parts of modern travel seems to be the inevitable lugging about of heavy luggage that is inseparable from it.

Woolworths have just introduced their own portable, lightweight trolley. It has a steel frame, rubberised wheels and weighs only three lbs. It works rather like a small trolley—you pull up its handle, put the suitcase or bag on the platform and then pull the elasticated chords over the luggage and attach them to the frame.

It is easy to carry and performs its function well. Anybody who is either elderly or has a bad back or simply hates lugging heavy luggage about could do well to invest in such a device. Do remember that you will have to remove the trolley when it comes to checking in your case at the airport.

Available from all Woolworth stores, this trolley costs £5.79.

Much binding

REGULAR readers will have noticed by now that I'm a great fan and supporter of British crafts. I find them an unfailing source of delight, full of invention, creativity and vitality. So it is a pleasure for me to discover a craft new to me and one that I have not written about before—that of book-binding.

The Manor Bindery of Fawley, Hampshire, is owned and run by the author Margaret Lane, who in her private life is also the Countess of Huntingdon, Antoinette Parks (who started and owned the Square Orange Bookshop) and Bendor Drummond who used to own Bumpus and the Book Society.

In charge of the binding skills is Philip Bradburn who has won many awards in the course of his bookbinding career.

Because bookbinding is a highly skilled and time-consuming business prices for individual bindings are not cheap—an average-sized book would be about £38 for a half-binding in leather or £48 for a full binding. Cloth bound books would cost much less.

Apart from actual binding, books can be repaired and restored and in this case prices will have to be quoted individually, depending on the amount of work involved.

The Manor Bindery will do presentation books, children's books for prizes or christening presents, visitors' books, photograph albums and the like. They can be done in full Morocco with gold tooling or leather inlays or with all the other refinements of the bookbinding craft.

For those who aren't familiar with all the nuances of bookbinding a visit to The Manor Bindery at Fawley would soon awaken them to the pleasures of a totally new experience in reading—there the complexities can be explained visually so that you can see what a suede doublures or a double silk headband looks like, you can see gold tooling and fine end pages and make your choice accordingly. Telephone for an appointment first Fawley (0703) 894488.

ARTS

Smouldering still

RADIO
ANTHONY CURTIS

Radio re-vivifies. The embers of half-forgotten scandals, of dormant disputes, are fanned into life again by the features producer and sound archivist. Do you remember the row when the first batch of old masters to be cleaned was put on show in the National Gallery? Do you recall the furore which split the Labour Party in half when Aneurin Bevan resigned from the Government over National Health prescription charges, Harold Wilson and John Freeman following suit? Does the name Kowalski mean anything to you—a Polish priest who openly practised polygamy with a sisterhood of nuns and was the defendant in a sensational trial in Plock in 1928? The heresy preached by Kowalski and those preached by Bevan and the picture-restorers (if indeed heresies they by) became the matter of some compelling listening this week.

Kowalski's career was not much known outside Poland until the appearance of a remarkable book by Jerzy Peterkiewicz two years ago called *The Third Adam* (Oxford University Press). Mr. Peterkiewicz, who is head of the Department of East European Languages and Literature in the University of London, a novelist and critic, was himself born in Poland. He still remembers the shock-waves whenever the name Kowalski cropped up. In spite of Kowalski's trial at which he was convicted, the Mariavite sect (which he inherited from Maria Frances Kozlowska, the "Little Mother," on her death in 1921, and whose revelations he published) continued to flourish until the outbreak of the Second World War. When the Nazis captured Poland, Archbishop Kowalski was again imprisoned: this time in Dachau when in his seventies he died.

Mr. Peterkiewicz interviewed surviving members of the sect all of whom testified to the extraordinary physical and spiritual magnetism exercised by the Archbishop. He called himself the third Adam (the other two being the Adam of Genesis and Christ) and instituted among his followers a series of innovations, audacious even by the criteria of today, including mystic marriages between priests and nuns with children born behind the cloister, the priesthood for women and a People's Mass.

He appears a more baffling character than Urbain Grandier of Loudon whose trial inspired Huxley (and after him John Whiting and Ken Russell). Most of what was alleged against him was true yet he preserved his authority and his presence even in the face of atrocities committed by the SS. Was he just a charlatan and a pervert? Or was he a great humanitarian revolutionary? Mr. Peterkiewicz cannot quite make up his mind; nor could the excellent radio feature The Third Adam (Radio 3, June 20) drawn from the book by James Roose-Evans.

Whatever Kowalski may have been like in real life we may be sure that he was very unlike Joss Ackland. Nonetheless it was Joss Ackland who gave a most acceptable interpretation of him, dignified, deep-toned, in the feature: Annette Crosbie was the Little Mother, Geavin Campbell the narrator, and Mr. Roose-Evans himself played the part of Mr. Peterkiewicz. The problem on radio is not so much to make convincing the marriage between the priest and a nun as that between documentary and drama. There is always a temptation to over-dramatise but in John Theocharis's production the setpieces of the trial, the testimony of witnesses, were satisfactorily woven into the documentary pattern enlivening it. For a bonus we had music specially composed and conducted by another Pole, Andrzej Panufnik.

In a much more recent book *The Performers* Norman Shrapnel sees politics as a form of theatre. As in the theatre it is the last generation of actors who always appear to be so much greater than the current ones: nowadays there is no-one whose Hamlet you can seriously compare to Gielgud's or Olivier's *(or so it seems)*, and there is no parliamentarian whose oratory begins to compare with that of Churchill or Bevan. Some of the latter's first was rekindled in *Nye* (Radio 4, June 21) which included clips from many of his most famous speeches and recollections by Baroness Lee, Michael Foot, Attlee, Gaitskell and others from the archive. Certainly there was no lack of material and it was deftly sewn together by Patrick Hannen. You can hear a companion programme to this admirable political portrait, *From Whence Cameth My Health*—about the health service in Tredegar, Bevan's birthplace, on Monday.

Restored To Life (Radio 4, June 20) was the title of a programme compered by James Wilkinson devised by the News Department on the various techniques of cleaning and restoring pictures. It consisted of interviews with people like Arthur Lucas, chief restorer of the National Gallery, and his opposite number at the Metropolitan *Museum in New York*, expounding some of the mysteries of their craft. Although highly sophisticated scientific equipment is used in picture restoration today spit and cotton wool is still often employed as a first resort. Nowadays it is the uncleaned pictures that cause anxiety to most gallery-goers. That battle has been won.

"The Studio" by Sophie Anderson

The Victorian ideal

ART
WILLIAM PACKER

"The Victorian Ideal," Roy Miles' latest summer miscellany (on view until July 28), is both as interesting and as enjoyable as we have come to expect his shows to be, the work not over-important exactly, for nineteenth-century academicism had its limitations, but possessed of certain qualities that deserve respect: qualities of craftsmanship, attention to detail, seriousness of intention, if not always of actual achievement. Here there are major works by minor artists, several genuine surprises, and several very fine drawings.

Importance anyway is a dangerously woolly criterion, inclined to mean what we want it to mean, deriving it's authority quite as much from the inexorable laws of supply and demand as from the niceties of an academic judgment. The sheer chance of survival has much to do with it, our museums full of lovely and important things, but important only in that they are indeed fine in themselves, and have managed somehow to survive: and the older they are, the narrower that distinction tends to be.

Victorian painting suffered a long period not merely of *neglect*, but of actual critical abuse, laughed at embarrassedly for its literary pre-occupations and its sentimentality; but the great mass of it survived, actively cherished by a few brave souls, more generally kept safe at home by a mixture of familiar affection and inertia. Today we find we no longer need to excuse or pretend to mock our private indulgence: and the sentimentality is no longer the great barrier it was to the work itself. Not only can we now see how well so much of it was done, but, more than that, we can accept the subject-matter, that literary quality, as a positive element in the work, no more of a problem to us than the religious or domestic or social themes of earlier times. We can also forgive the Victorian Age for not producing a Gainsborough, a Turner or a Reynolds, taking its artists as they are, just as far as they go.

These artists stand up for themselves very well. The best picture is by Millais, a portrait of the two young Pender sisters dating from the first phase of the artist's long and successful decadence. He was the most gifted of all the Victorians, and having promised the earth is generally held to have squandered his gifts to gratify his customers. The story seems to me less simple than that, for his paintings are always interesting, and he remained a true painter. Perhaps we owe him a reassessment. Other excellent things include a charming early interior by Atkinson Grimshaw, handsome ladies by Leighton and Wontner, Sophie Anderson's elegantly disposed Empire beauty, and a most extraordinary composition by P. F. Poole, the languid, dreaming company listening to Philomena's song on the Seventh Day of the Decameron.

RSC tours small towns

The Royal Shakespeare Company is to undertake a tour, beginning next month, of 23 towns and villages in England and Scotland. The tour, with productions especially staged to play in small theatres and halls, will last 15 weeks and opens in Horsham, Sussex, on July 13.

Never before have the RSC toured in the UK at such length—and to so many places—with a repertoire of productions, and many of the venues have never before received a visit from the company.

The group of 15 actors, led by Ian McKellen, will perform two new "main" productions, Shakespeare's *Twelfth Night* directed by Jon Amiel and Chekhov's *Three Sisters* directed by Trevor Nunn.

In addition there will be occasional performances of an anthology programme of words and music entitled *And Is There Honey Still For Tea?* devised by RSC actor Roger Rees. It is about the English and their Englishness.

La Chatte encore

BALLET
CLEMENT CRISP

The Diaghilev Ballet presented *La Chatte* for the first time in Monte Carlo in 1927. There was a *stunning Constructivist* set by Naum Gabo and Antoine Pevsner—talc and mica gleaming against black American cloth—and Serge Lifar was cast as the young man who falls in love with a she-cat, Olga Spessivtseva, obligingly turned by Aphrodite into a young woman. Love's young dream was, alas, ruined by the appearance of a mouse which caused the young woman to revert to her primal state. Balanchine's choreography was much admired, and so was Henri Sauguet's score—which is, I suppose, what attracted Ronald Hynd to the idea of making a new version of the piece.

The result, given its first performance on Thursday at the Coliseum by Festival Ballet, looks like a homage to the 1920s Ballet Russe, whose image is so well caught by the work itself: a fashionable artistic movement, a very pretty score (which evokes Messager and Poulenc), and choreography which hymned, as one may gather from Cyril Beaumont, the male body beautiful.

Peter Docherty has provided new, chic design in white and blue: a double staircase at whose central point reposes Elisabetta Terabust as the feline heroine. Her admirer, Kenneth McCombie, has six *sportif* companions, who indulge in acrobatic exercises and on occasion toss the hero about, and hinder his relationship with the Cat. Manola Asensio appears as Loie Fuller as Aphrodite—imperious and with sleeves like wings—a *dea ex machina* who acts as marriage broker. It is all agreeable, light-weight) and given the score, which is melodious but plumbs no depths, there is nothing else Mr. Hynd could do.

Elisabetta Terabust is fine as the Cat, and she is excellently partnered by Kenneth McCombie as the Young Man. The story-line does not, at first acquaintance, seem particularly clear; it is perhaps typical of the nature of the version, and of the period to which it pays homage, that one does not particularly care. The ballet looks attractive: the choreography is fluent, with some Art Deco moments; the white-clad cast are handsome; the score makes no demands other than those of being charming. *La Chatte* is a pleasant acquisition.

I must, in passing, pay tribute to Eva Evdokimova, Patrice Bart and Peter Schaufuss who led the performance of *Etudes* which was also in the programme. A coruscation of pirouettes and leaps and beats, and an uncomplicated delight in doing what they had to do very well, made them a wonderful trio. It is worth anyone's money to see Bart and Schaufuss outspinning each other, and Evdokimova sweetly soaring.

Player piano

THEATRE
GEOFF BROWN

In the realms of adaptations alone, the prolific, unpredictable and uneven James Saunders has dealt with D. H. Lawrence, Sir John Vanburgh and R. M. Delderfield *(People Like Us*, just ended on television). Now it's the turn of Kurt Vonnegut, whose first novel (published in 1952) reaches the stage in a bright but spartan production by Peter Southcott at the Almost Free. The setting, we are told, is Ilium, New York, in the 21st century—a wonderland of electronics and computers reached via a Third World War and a Second Industrial Revolution which has left people of high IQs with nothing to do but wear variously coloured tunics and observe endless procedures. The only visible signs of this wonderland, however, are a few video machines and a *small deck of* buttons which everyone presses with slap-happy abandon. In an era which has spawned *Star Wars* and *Close Encounters of the Third Kind*, this is rather charming.

Yet it suits the material, which constantly recalls comic-strip methods. Characters are broadly sketched and, apart from David Baxt's honey-voiced doubter, Paul Proteus (son of the society's Great Architect), they are all broadly played. Kroner, Paul's superior (Bill Bailey), is a thunderous slapper of backs; his wife, Anita (Carol Cleveland), is attractively vacuous. The plot's later stages in particular move in melodramatic bursts, with Paul (ordered to infiltrate the society's rebel forces) downing one drugged drink after another.

At the same time, there is serious talk afoot. Vonnegut, like his adaptor, is interested in the thwarted possibilities of personal freedom in his technological dictatorship. As Paul is told by his old college buddy (who successfully programed himself out of all computer data), it's like a player-piano: one can mechanically play the piano roll, or one can bash away on its keys like a free individual. Not the subtlest or freshest of notions, though no doubt it seemed more to the point in 1952 when administrative hysteria and advanced technology began to get their iron grip on America. In Saunder's version, which just fails to find a satisfactory balance between the philosophical debate and the comic-strip fooling, the point is blunted by familiarity—and even the company's lively playing fail to re-sharpen it.

THEATRES THIS WEEK . . . AND NEXT

BUSH—*Runners*. Sprightly new play of athletic rivary in the changing room, with domestic tension around the edges. Will Knightley acts and lifts weights with equal aplomb. Opened Monday.

ROYAL COURT—*Flying Blind*. Bill Morison's savage farce set in present-day Belfast transfers well from Liverpool in Alan Dossor's production. Opened Tuesday.

ALBERY—*Roy Hudd*. Feeble music hall programme given at lunchtime to raise money for Wilton's Music Hall. Repeated on coming three Wednesdays. Opened Wednesday.

PRINCE EDWARD—*Evita*. Stunning production by Harold Prince of much-publicised rock opera does much to paper over the *cracks. An exciting evening*, though, with Elaine Paige fully justifying her star billing along with David Essex as Che. Opened Wednesday.

YOUNG VIC—*Bartholomew Fair*. High-spirited revival of Ben Jonson classic to open new season under Michael Bogdanov. Opened Thursday.

The RSC have two openings in Stratford-upon-Avon next week: *Captain Swing* by Peter Whelan is in the Other Place and *Measure For Measure* on the main stage (Monday and Tuesday). The *Churchill* at Bromley has a new play on Monday, *The Woman I Love*; David Mamet's *American Buffalo* is in the Cottesloe on Wednesday; and on Thursday, a revival of *Hindle Wakes* at Greenwich and, at the New End in Hampstead, Susannah York in *The Singular Life of Albert Nobbs*.

TV/Radio

RADIO 4
434m, 330m, 285m and VHF

6.30 am News. 6.32 Farming Today. 6.58 Yours Faithfully. 6.55 Weather: programme news. 7.00 News. 7.10 On Your ...

CHESS SOLUTIONS

Solution to Position No. 221

1 . . . QxP ch; 2 KxQ, N-N8 ch; 3 K-R1, R-R6 ch; 4 PxR, R-R7 mate—a spectacular but routine finish which a good chess tactician should see quickly.

Solution to Problem No. 221

1 B-R1. If 1 . . . P-B4; 2 Q-R8, K-N7; 2 Q-N2, or if K-N7; 2 Q-KR7, P-B4; 3 Q-R2.

WEEKEND CHOICE

Holland's Rensenbrink: Sunday winner?

SATURDAY: What with Ascot and the World Cup finishing, Wimbledon starting, and cricket and athletics continuing they scarcely know where to put all the sport on television but seem to have managed somehow.

BBC1 carries Ascot racing and the AAA Championships in Grandstand. At 6.00 BBC2 repeat Flamingo, a marvellous and truly beautiful film by Patrick Carey in which no word is spoken.

SUNDAY: At noon it should be worth abandoning the Sunday business sections for the first of Granada's 6-part debate on Nuts and Bolts of the Economy with a heavyweight team chaired by Mike Scott.

The World Cup Final kickoff (despite attempts to catch you earlier) is at 6.45 on BBC1 and ITV, and for soccer haters BBC2 has a World About Us on the plight of whales. (The International Whaling Commission meets in London on Monday).

BBC1 starts a new series of The Editors, one of the best specialised current affairs series, at 10.45.—C.D.

ENTERTAINMENT

THEATRES

RAYMOND REVUEBAR. CC. 01-734 1593. At 7 p.m., 9 p.m., 11 p.m. (open Suns.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA Fully air-conditioned 21st SENSATIONAL YEAR

ROYAL ALBERT HALL. 589 8212. Evgs. 7.30. Sunday next until June 30. WORLD'S GREATEST ACROBATS THE CHINESE ACROBATIC THEATRE From Liaoning, China.

ROYAL COURT. 730 1745. Air Cond. Evgs. 8. Sat. 5 and 8.30. FLYING BLIND by Bill Morrison

TALK OF THE TOWN. CC. 734 5051. 8.00. Dining, Dancing (Bars open 7.15). 9.30 Super Revue RAZZLE DAZZLE and at 11 p.m. LOS REALES DEL PARAGUAY

VAUDEVILLE. 836 9988. CC. Evs. 8.00. Mat. Tues. 2.45. Sat. 5 and 8. Dinah SHERIDAN, Dulcie GRAY Eleanor SUMMERFIELD, James GROUT A MURDER IS ANNOUNCED The NEWEST WHODUNNIT by AGATHA CHRISTIE. "Re-enter Agatha with another whodunnit hit. Agatha Christie is stalking the West End yet again with another of her fiendishly ingenious murder mysteries" Felix Barker, Evening News. AIR-CONDITIONED THEATRE

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE COMEBACK (X). Wk. & Sun. 2.00 5.10 8.10. Late show Tonight 11.10. 2: BILITIS (X). Wk. & Sun.: 2.00, 5.35, 8.35. Late show Tonight 11.20.

CAMDEN PLAZA (opp. Camden Town Tube). 485 2443. Taviani's ALLONSANFAN (AA). 2.50, 4.45, 6.50, 9.00, 11.00.

CLASSIC 1, 2, 3, 4, Oxford Street (Opp. Tottenham Court Rd. Tube) 636 0310. 1: Alan Bates, John Hurt THE SHOUT (AA). Progs. 2.30, 4.35, 6.40, 8.45. Late Show 11 p.m. 2: Richard Burton, Lee Remick THE MEDUSA TOUCH (A). Pgs. 1.10, 3.35, 6.00, 8.25. Late show 10.50 p.m. 3: Jack Jones THE COMEBACK (X). Progs. 1.05, 3.35, 6.05, 8.35. Late show 11.05 p.m.

ARTS/COLLECTING

Cleaning up New York

The James Gang

OFF BROADWAY

FRANK LIPSUIS

No less a personage than the vice-president of the U.S. conducted the ceremony opening several ... off-off Broadway theatres in a new complex along West 42nd Street. Encouraging as it would be to see this as support for the arts from the highest levels of American government, the event would have attracted far less attention had the site not been previously the centre of the pornography industry; anything that moved in there instead would have been treated to a celebration.

One of the companies in the new complex has maintained an active production schedule in the neighbouring West Side Airlines Terminal. As a result, they will move in late to their new quarters, since they have to renovate the interior themselves, but in the meantime they have brought some life to the area in advance of the grand opening. The latest production of the Lion Theatre Company is *The Death and Life of Jesse James*, which, like the company's last play, *K*, is more a series of scenes on a common theme than a coherent play.

With a large, fine cast led by John Ingle as Cole Younger, the narrator and surviving member of the James Gang, the play goes over the familiar terrain of the myths and reality of the American west. Characters are introduced and dropped at random—an Indian named Chief Iron Porcupine, a Mexican called Speedy Gonzalez, both played to stereotypical perfection by Don Auspitz, a reverend, a president and sheriff, equally well done by John Genke. The gang itself proves its mettle by having Jesse, played by Allan Carlsen, line them up and punch them in the stomach or kick them in the groin. The women are variations on the theme of the tender-hearted whore.

Despite the familiarity of the characters and theme, the play, written by Len Jenkins, is interesting in each of its scenes. Jesse's death is reprised several times, each time in a variation that is meant to lend it more dignity or significance, allowing the production to perform and reflect on stereotypes at the same time. There is a scene of Jesse posing in front of a comic book backdrop, another having him watch television and screaming at his wife. These hints at what he did or could have become cover all the themes inspired by the name Jesse James. With the excellent costumes by Bob Wojewodski and evocative scenery by Henry Millman, Gene Nye's production makes its case that a wild west train robber who was shot in the back is not necessarily quite dead, yet.

Lanford Wilson's latest comedy, *The 5th of July*, consists of four survivors of American radicalism in the 1960s, the daughter of one of them, another's homosexual boyfriend, a spaced-out musician and an aunt who carries her husband's ashes around in a sweet box. They sit in the living room and then on the veranda of a farm outside St. Louis. Immobilised like Chekovian characters, vituperative like Williams'. Each in turn seems to have his chance to act out the disappointment of the times since their hopes were shattered in the sixties. The owner of the farm has legs that were shattered as well in Vietnam, after his cohorts here at home, the crazy couple now visiting him, ran away to Europe and made him sign up for the army.

Gwen (Nancy Snyder), the woman of this pair, is the most interesting character in the play; an heiress with a copper company in her portfolio, she assumes she can run the company while pursuing a career as a country singer. Though business is not her forte, she does better at it than singing, since she freezes up before a microphone, and thinks she wants to buy this farm as a place to set up a studio without pressure from Nashville professionals. She has anxiety attacks that make her crawl across the floor; she is loud, offensive and tolerated because of her money. Unfortunately, though, the play puts more attention on the farm owner, as played by William Hurt, who is surrounded by his sister (Joyce Reehling), boyfriend (Jeff Daniels), aunt (Helen Stenborg), and niece (Amy Wright). This group has little more on its mind than past disappointments and anxiety about whether Gwen will buy them out. Her entourage, boyfriend John (Jonathan Hogan) and guitarist Weston (Danton Stone), are more lively just for having to jump at Gwen's command.

Theatre's competitive dramas backstage

THEATRES

MICHAEL COVENEY

THE WORLD WIDE reputation of the British theatre is founded not only upon the work of playwrights, directors, and actors, but also upon the unexcelled work of British stage technicians.

In this field, the great success story with knowledge and experience of stage technology is Theatre Projects, a company formed 21 years ago by Mr. Richard Pilbrow, the lighting designer. Theatre Projects Consultants, an extension of the company's practical activity, was set up in 1967 and first worked with theatre architects on a theatre at Hull University and then the new Birmingham Rep.

TPC has just completed work on the new Hong Kong Arts Centre, a complex paid for by private subscriptions and containing a theatre with seating for 450, a recital room and a small studio theatre. The other day, TPC was signed up by the Hong Kong Government to act as theatre and acoustic consultant on the Tsim Sha Tsui Cultural Centre which is being built in Kowloon on the mainland. The centre will be the largest of its kind in South-East Asia, containing an opera house, a concert hall and many other facilities.

Although big is undoubtedly beautiful when it comes to signing contracts, Mr. Pilbrow and his colleagues will talk as enthusiastically about a project under the arches of a West London motorway as of their nationwide commitment in Iran. What Theatre Projects does is to put technical backstage experience in lighting, sound and management at the service of the building industry. In Britain it has been involved closely in the building of the National Theatre, the Sheffield Crucible, the Manchester Royal Exchange, and countless other regional theatres. It plans and advises on big restoration jobs such as the recent magnificent structural overhaul and improvement of the Theatre Royal in Nottingham.

Mr. Pilbrow himself is still one of the most sought-after lighting designers in the world and also has a good reputation as a producer in the West End. He has co-produced the London presentations of successful musicals such as *A Funny Thing Happened on the Way to the Forum*, *Cabaret*, *Fiddler on the Roof*, *A Little Night Music* and, most recently, the current revival of *Kismet* at the Shaftesbury. TP's first big TV series, Tony Palmer's history of popular music, *All You Need Is Love*, has been sold throughout the world, while a first feature film, *Swallows and Amazons*, is providing a TV spin-off. The next film is to be about Wagner, produced with the co-operation of the Wagner family and directed by Tony Palmer.

Plans are almost complete for the new home of the Royal Shakespeare Company in the Barbican; the equipment installed in the National Theatre is beginning to function successfully after months of struggle and disappointment; a feasibility study on a project in Kuala Lumpur is underway; work is complete on two contrasting jobs in Mexico City—the renovation of an 1890 classical European opera house, and a new proscenium theatre for American musicals; the National Theatre of Iceland is about to rise from the ground in Reykjavik; the biggest illuminated sign in Africa has just been turned on outside the Nigerian External Telecommunications Building in Lagos.

Throughout Britain and Europe, TP provide lighting and sound for industrial conferences and displays.

The first office of TP was in the band room of Her Majesty's Theatre in the Haymarket, where Pilbrow built a model theatre, read a lot of Gordon Craig about the stage manager being the master of the art and science of the stage, and formulated the idea of a small company to hire out lighting equipment at cheaper rates than offered by established firms like Strand Electric. He started with a £60 loan from his father which he spent on a pile of old junk equipment; he polished the lamps and entered the market place. Twenty years on, TP employs over 100 people and, on the consultancy side, has opened offices in New York, Hong Kong, Tehran, Lagos and Sydney.

There is no company in the world that is comparable to Theatre Projects; most theatre consultancy businesses are populated by people who stopped working in the theatre years ago. Mr. Pilbrow and his colleagues, by way of welcome contrast, keep their hands decidedly dirty. There may be a lot of travelling around, lunching of clients and signing of contracts; but not enough to divert executive attention from the latest discovery or fashion in the workshop.

Pilbrow: London arches and Kowloon culture

It is this up-to-date professionalism that probably won TP its biggest consultancy job to date, that in Iran, in spite of stiff competition from Russians, Poles, Czechs, Americans, and Germans. The Iranian Government has taken TP under contract to advise on a chain of cultural centres throughout the country. The first of them, in Gorgan, north east of Tehran, is due for completion this month. This Iranian project is part of the national educational system. Not only is the idea to try to find a way of preserving the ancient Iranian theatrical forms, but also to incorporate them into the life of the community once again. The centres are relatively modest in scale and include facilities for a variety of arts, crafts and leisure pursuits.

The fees in Iran amount to about £700,000, but the result of TP's design work opens up orders for the manufacture of stage equipment to the value of between £15m and £20m. All of those orders will go to tender and many of them could come to Britain. The Iran job has therefore created a great opportunity for the whole of British theatre technology. The problem is that, while the British manufacture lighting and sound equipment as well as anyone, the standard of manufacturing stage equipment is not as high in Britain as it is in Germany or America. Competition will be fierce.

The building of the National Theatre in London has been something of a nightmare, with electronic technicians moving in after the shows each night to work through till morning. This has gone on for several years and confirms the impression that, in many respects, the concrete edifice on the South Bank has taken on the semblance of an unstoppable, temperamental juggernaut.

It is interesting that Mr. Pilbrow should be most excited, in terms of theatre architecture and space, by the smallest of the three auditoria, the Cottesloe. If the National was the final fling of the concrete and glass explosion in the expansionist 1960s, he now detects a growing preference among British theatre professionals for the converted warehouse, for the informality of intimacy between stage and audience. No theatre building has really improved on about 30 of the 45 houses in the West End of London, where the Victorian blend of intimacy and formality is something that modern theatre architects must rediscover for themselves. Given this mood, a mood which Mr. Pilbrow first detected about five years ago, he cannily built up the overseas contacts where the building fever was just beginning. Hence TP's ever increasing presence in Nigeria, Iran, Hong Kong and Canada.

Aside from the consultancy work, it looks certain that TP will continue to withdraw from theatre production completely. Mr. Pilbrow admits that this has something to do with the economic climate, but it is mainly due to the mounting work abroad. The company is also moving more seriously towards television and films. If a TV project such as *All You Need Is Love* really takes off, the world-wide market ensures that things can be done properly, people paid better money, and so on.

The headquarters of Theatre Projects are in Covent Garden, and Mr. Pilbrow's office is an evocative metaphor of the company's activity. On the mantelpiece are two heavy Evening Standard drama awards, for *Cabaret* and *Night Music*. An extraordinary photograph of Gordon Craig bearing more than a passing resemblance to Sybil Thorndike, overlooks a drawing board cluttered with plans for theatres, conference centres, Nigerian hotels (that need lighting up), and a map of Iran. One wall is dominated by a striking picture of the company's architectural lighting at St. Katharine's Dock in the East End of London. Next to the drinks cabinet is a Japanese hi-fi and a pile of records. A sticker proclaims that "The British Are Coming."

Rattle in Greenwich

MUSIC

ARTHUR JACOBS

Music at the handsome, spacious, galleried chapel of the Royal Naval College has an attractively clear and immediate sound—at the opposite extreme from the acoustics of so many churches. The impact is accentuated when the audience finds an orchestra almost in its lap. My pew positively vibrated at a Greenwich Festival concert by the Philharmonia Orchestra on Thursday night, and I felt apprehensive for the ears of a gentleman in the front row, a few inches from Michael Thompson's solo horn.

Mr. Thompson, the very young principal horn-player of the orchestra, gave a most accomplished account of Richard Strauss's *Horn Concerto No. 1*. The even younger conductor was Simon Rattle, who delivered Ravel's *Mother Goose* suite with an admirable feeling both for its delicate sentiment and for its musical equivalent of children dressing-up in outlandish costume. He judged the accompaniment to the concerto very well, too.

In Vaughan Williams's Symphony No. 5, however, the brightness of the acoustic went against him. By association at least (it reflects the composer's preoccupation with *Pilgrim's Progress*), this is Three Choirs Festival music, where distance and even a slight fuzziness of sound can lend an appropriate halo. Mr. Rattle himself seemed insufficiently attentive, at any rate in the opening movement, to the composer's demand for extremes of soft and loud, and the whole symphony sounded a little hurried, a little superficial.

It may exasperate Mr. Rattle—sensitive musician that he is—to be assured that he will approach this music with more insight as he grows older. Admittedly the symphony itself may seem a little dated, with its "religious" strains perhaps over-prolonged; but the impression of a composer's definite personality is strong. Such a well-designed programme in such an environment—what a river view for a summer evening!—might have attracted more patrons than it did. Another concert there ends the Greenwich Festival tomorrow, while sea songs are sung in the adjoining Cutty Sark Gardens.

Gathering objects of distinction

COLLECTING

JUNE FIELD

THE DIAMOND jubilee celebrations of the British Antique Dealers' Association, some of which start next week, getting into their stride throughout July, have produced a superlative festival of quality antiques spread country-wide over some 120 shops and galleries. It is a triumph of organisation too, that so many objects of distinction (whether on loan or for sale), covering such a wide variety of themes, should be on display in such an imaginative fashion, considering that many of the exhibitors also had to stock their stands at the Grosvenor House Antiques Fair which only finishes today.

From bible boxes to bleeding bowls, *galanteriewaren* (18th century porcelain miniature "toys"), to scrimshaw and treen, Russian silver-gilt *charki* (vodka cups), *vinaigrettes* and early iron work, most of life's curiousities can be seen; and the first thing for any enterprising collector to do is to send for a brochure listing the various events (see to the secretary BADA, 20 Rutland Gate, London SW7), so that a tour can be planned to cater for a particular interest.

Minor woodcarvings of the 16th and 17th centuries are a collecting category to be watched, as oak panels and ceiling bosses, altar rails, figures and masks, mostly English, but some French and some from the Netherlands, can be bought for £25-£550. Farnborough (Kent) Antiques, 10 Church Road, Farnborough are displaying some 50 carvings for sale in this range (July 3-29), and as a companion to the exhibition, Celia Jennings has written an informative booklet, *An Introduction. To Early Woodcarving.*

If convertibility is your interest, Phillips of Hitchin are holding a private view of their exhibition "Patent Metamorphic Furniture 1780-1830," at The Manor House, Hitchen, Herts, next Saturday. A fascinating assemblage of the ingenious furniture made during the Napoleonic wars when portable pieces were in demand, includes an elaborately curtained chair which opens up into a full-scale bed, similar to one in the trade card of Thomas Butler of Catherine Street, London, in the 1800s. My favourite is a "knock-down" campaign table where the five legs unscrew, and the top folds up into two. More details of the "change of form" furniture in the catalogue, 60p post free.

That English furniture compares well with what the French have to offer, particularly when it is a top-flight example, is the point being made by the display of both at Partridge (Fine Arts), New Bond Street, during July. On show will be a richly decorated George III commode attributed to William Vile (c1700-1767), which is almost certainly a pair to that of the one from the Princess Royal's collection sold at Christie's in 1976. "The latter differed only in its mahogany top," director Leslie Dawson told me.

Stephen Hussey will be demonstrating rushing an 18th century ladderback chair at the English Country Chairs exhibition and sale at Cedar Antiques, High Street, Hartley Wintney, Hants. The display, from July 14-29, is part of the BADA 60 "Countrywide Antiques Festival" which has already begun in some parts of the country.

English country chairs are the theme of the Cedar Antiques exhibition (14-29 July), in Hartley Wintney, Hants. The firm, founded by Derek Green 12 years ago, also restores customer's chairs, and his craftsmen will be giving a demonstration of repairing rush chairs.

For advice on how to spot a fake or an alteration to furniture and silver, go along to John Bly, High Street, Tring, Herts. Their exhibition, which opened this week, features diagrams on what to look out for, as well as showing a cabinet-maker and silversmith at work.

Silver collectors who want to match up pieces for their antique cutlery sets, will find the specialist service run by Bruford and Heming, 28 Conduit Street, London W1, particularly useful. There will be a certain amount of silver on display or they will search out missing pieces for you. Need a ceramic lid of any kind? Jean Sewell (Antiques), Campden Street W8, has a fascinating selection of old teapot lids, sugar bowl covers etc., which provide an interesting guide to 18th and 19th century factory patterns.

Delomosne and Sons at Campden Hill Road W8, specialise in superb glass—their exhibition (July 10-22), is "Gilding the Lily—showing rare forms of Decoration on English Glass of the later 18th century."

An unusual aspect of textile art is portrayed in "Islemeler: Ottoman Domestic Embroideries," which opened this week until July 15 at David Black Oriental Carpets, 96 Portland Road W11. These delicate pieces of 18th and 19th century needlework depict the domestic trivia of the embroiderers—coffee urns, chickens, flower pots etc., and the embroideries can be bought from £5-£100.

The display is also complemented by a book of the same name, by collector Roderick Taylor, introduced by the gallery partners David Black and Clive Loveless. If the book is ordered before the end of the exhibition, it can be bought for £8 as against the full price of £10.

Joan Eyles, 24 High Street, Knaresborough, Yorkshire, is putting on "And So We Sewed" during the last two weeks in July, and there you can buy needlework tools and boxes, samplers, silk pictures and lace, plus thread winders from £2, the more ornate boxes up to £250. Roger Warner of Burford, Oxfordshire, has matched up children's pottery plates with pincushions, there are pianos (Broadwood), at Robert Morley, 4 Belmont Hill SE13, 18th century *tôle peint* (metal domestic items decorated with paint), at Peter Francis, Beauchamp Place SW3, philoenic antiques (wine coolers, decanters and the like), at G. Noel Butler, High Street, Honiton and Geoffrey Godden's "A Hundred & One Decorative Porcelain Plates" in Worthing, Sussex.

Overlapping all this wealth of collectors' treasures is the London Convention of Netsuke in Japanese Art this weekend, with exhibitions linked with lectures organised by Sydney Moss, Douglas J. K. Wright, Spink's, S. Marchant, Eskanazi, Milne Henderson and Antiques by Constantine.

Full details from Neil K. Davey, c/o Sotheby's, 34-35 New Bond Street W1. Mr. Davey's magnificent book, *Netsuke, A Comprehensive Study Based on the M. T. Hindson Collection* (£30, Philip Wilson for SPB Publications), show how prices have risen in this field since the Hindson sales between 1967 and 1969.

TV RATINGS
w/e June 18

U.S. Top Ten (Neilsen Ratings)

1.	One Day at a Time (Comedy) (CBS)	23.8
2.	MASH (Comedy) (CBS)	22.9
3.	Three's Company (Comedy) (ABC)	22.1
4.	Lou Grant (Drama) (CBS)	21.7
5.	Charlie's Angels (Drama) (ABC)	21.0
6.	The Lords of Flatbush (Film) (ABC)	20.0
7.	Carter Country (Comedy) (ABC)	19.8
8.	Laverne and Shirley (Comedy) (ABC)	19.7
9.	Starsky and Hutch (Drama) (ABC)	19.7
10.	Happy Days (Comedy) (ABC)	18.5

A Neilsen rating is not a numerical total. The UK Top Twenty was not available last night.

Arts Council awards

Awards announced by the Arts Council include one to the composer Patrick Gowers of Clapham, London, for a work commissioned by the Incorporated Association of Organists.

It will have its first performance at the association's congress in York in August.

Patricia Banton of Peckham, London, receives an award for the choreography of a new work commissioned by MAAS movers, of which she is a member.

The work will focus on the mannerisms of the cat family and will be performed by three dancers to the music of John Keliehor.

Nadine Baylis of Bedford Park, London, has been offered an award for the design of a new ballet by the Dutch choreographer Jaap Flier for the EMMA Dance Company based in Loughborough.

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Saturday June 24 1978

The dollar seesaw

NOW IS THE summer of our discontent—and not only when one looks at the weather. The sickly form of the markets over the last week reflects a host of half-formed worries—political uncertainties, a fear of rising inflation, the flat outlook for the world economy, talk of a further tightening of U.S. credit, and the distant rumble of labour unrest. Profits are flat and Government charges on industry rising. The more favourable facts—notably the re-establishment of quite noticeable real growth for the first time in nearly five years, and the steady rise in the volume of exports—are overlooked. The view is either that they have been discounted, or that they will not last, or both.

Irrational

There is always an irrational element in bearish sentiment of this kind, as the market tries to rationalise its own price movements, but market trends in recent years seem to have become increasingly perverse. In the U.S., for example, Wall Street sank steadily from low to low as long as the economy sustained a historically high growth rate, and has only recovered as the problems of the real economy have intensified. In Japan, by contrast, where the enormous revaluation of the yen has so compressed profit margins that international giants like Sony look weak, and bankruptcies have reached a most disturbing level, the market rises. In the UK the irrationality has not been quite so marked, but it would still be a bold investor who would expect the market to rise strongly on a credible forecast of improved real growth.

There are several financial explanations for the strange pattern of the mid-1970s, all of them interconnected. First—or rather, most striking at the moment—is the experience of violently fluctuating exchange rates. In a world in which funds are highly mobile, international investment flows follow the stronger currencies, and indeed reinforce the movements. The same flows which carry a market to new highs drive up the exchange rate and compress profits. Secondly, and underlying this sentiment, is a deeply-rooted fear of inflation, which can impose a ferocious squeeze on both company and national finances, diverting retained earnings into profitless stock appreciation and driving governments into large financial deficit. Currency weakness adds to inflationary pressures, and so justifies the flight of capital.

As long as it was clear that the countries with large and persistent surpluses had undervalued currencies, and those in deficit required a downward adjustment, it was at least fairly easy to forecast and allow for such trends; but we have now reached a point where the adjustments have been so large that there is a sharp division of opinion over whether they are likely to continue or to be reversed. This is leading to sudden and seemingly unexplained reversals of trend. The dollar, whose recovery earlier this year has undoubtedly been bad for sterling and for sterling securities has suddenly weakened again; in Japan, where industry had planned for a fall in the dollar to perhaps 210 yen there is now alarm that the decline could go much further.

These foreign developments have a strong but so far rather inscrutible meaning for London. The recovery of the dollar was one of the most powerful forces necessitating a rise in London money rates, as the Bank of England explained in its quarterly bulletin; and the movement has created a large uncovered differential in favour of London. In recent days, however, sterling has risen quite strongly against the dollar, and if the dollar is to remain weak, the present differentials seem a good deal more than adequate. Inflation forecasts for the two economies are not wildly out of line, and the U.S. balance of payments is immeasurably weaker than the British. There is still a tendency, though, for the London market to react fearfully to talk of high Wall Street rates, as evidenced in heavy selling of short gilts yesterday.

Incomes policy

Such reactions may not be rational on the basis of anything we know at the moment, but they are perfectly understandable. It is easy to sketch plausibly how things might go wrong; and the Government and the Bank only give fresh impetus to general fears when they proclaim the extreme importance of securing an incomes policy which looks like a non-starter, and the financial disorders which may follow the failure to secure one. Regarding sterling as fundamentally weak against the dollar has become a habit ingrained by long training. What investors should remember is that the market, faced with political and currency uncertainty, is tending to discount the worst that might happen. It may sink further in the short run, especially if the currency tide turns adversely; but if the outlook in a few months is both clear and less alarming than present talk suggests, the recovery could again be sharp.

'Facts' and forecasts in the inflation debate

BY PETER RIDDELL, Economics Correspondent

THE RATE of increase in retail prices in Britain is now at last down to the average level of other industrial countries—a rise of between 7½ and 8 per cent over the last 12 months. This is less than a third of the peak rate in the UK only three years ago, but can the progress be maintained?

There has been a cascade of evidence and opinions in the last fortnight: official figures have confirmed the continuing decline in the 12 month rate but indicated a marked increase in both raw material and labour costs.

Meanwhile, Mr. Roy Hattersley, the Prices Secretary, has stated as a "fact" that the 12-month rate of retail price inflation will remain around 8 per cent for the rest of this year. While he has been criticised for his choice of words, his projection has been backed by the Bank of England quarterly bulletin. The Price Commission has warned, however, that it may be less easy to keep the rate down to the current level in the medium-term, while the Bank has said the maintenance of this rate depends on keeping pay increases in the next 12 months *to only slightly over half this year's level.*

Turning point

The common thread is that the UK is now approaching a potential turning point on inflation. It is tempting to concentrate on pay and the quest for a long-term incomes policy as the key to the prices outlook, but this would gravely underestimate the significance of overall monetary policy and the exchange rate.

The imposition of Phase One of the pay policy in summer 1975 would certainly be credited by most, though not all, commentators with a crucial role in checking and partially reversing the runaway price inflation of 1974-75. But much of the subsequent prices story can be explained directly or indirectly by fluctuations in sterling.

The causal links are both complicated and controversial. In a world of floating exchange rates, it would now be widely accepted that the main initial result of a faster rate of growth of the money suppy (that is cash and bank deposits) in the UK than overseas will be downward pressure on sterling. In turn, a fall in the pound will push up the price of imported goods to the UK, encouraging British workers to seek offsetting wage rises and so raising domestic prices.

Other economists would place more emphasis on domestic forces pushing up wages, such as the strength of the trade unions. They would also stress the impact on the exchange rate of both past and prospective relative rates of inflation, changes in the current account of the balance of payments, and movements up and down in holdings of capital in London by foreigners such as oil-producing states. Most economic forecasts take account of all these factors. It is probable that as a result of a more rapid anticipation of inflationary influences than in the past, the exchange rate has a larger effect on prices in the shops than the conventional official assumption that a 4 per cent fall in the value of sterling will add 1 per cent to retail prices.

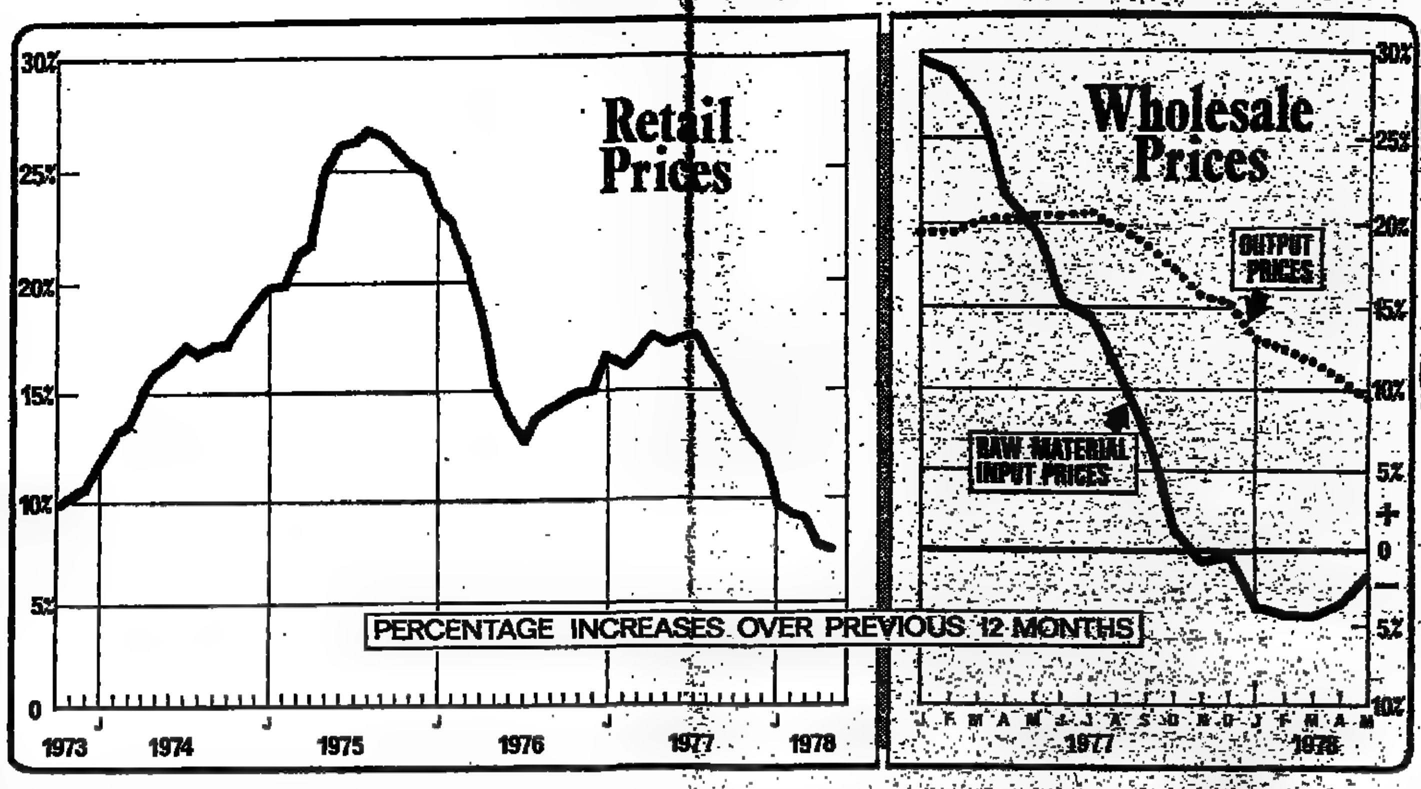
In any event, the sharp fall in the exchange rate in 1976 (by 16½ per cent between the beginning and end of the year against a range of other currencies) reversed the initial slowdown in the rate of retail price inflation. The upward pressures were compounded by specific Government moves raising prices, such as the increases in indirect taxes and in public sector charges, while profit margins also recovered from the end of 1975 onwards. Thus in spite of a reduction in the rate of growth of average earnings from 13.9 per cent in Phase One up to July 1976 to 8.9 per cent in the following year, the rate of retail price inflation accelerated from 12.9 per cent to 17.6 per cent betwen 1975-76 and 1976-77.

The relative impact on prices is suggested by estimates published in last December's Bank of England quarterly bulletin. The figures do not attempt to show the causes of inflation; they merely attempt to identify the contributors to price rises. The main reason why prices in the economy as a whole rose faster at the end of 1976 than at the beginning was because of a more rapid growth of import costs. A rise in the cost of such goods accounted for just under half the estimated rise in prices generally even though import costs are equivalent to only about a quarter of total expenditure. In contrast, the proportion of the rise in prices explained by higher labour costs was much smaller than its half-share of total expenditure.

The opposite has been true during the last 18 months. Following the imposition of a monetary squeeze and the return of market confidence at the end of 1976, sterling recovered strongly. Indeed the upward pressure — and some of the potential reduction in import costs — was checked as a result of Government intervention to hold down the pound. Nevertheless the rise in sterling over the year as a whole ensured that falling import costs actually held down prices during the second half of last year.

At the same time, the Government deliberately refrained from action which would push up indirect taxes and public sector charges; unit labour costs continued to rise at much the same rate as before. In addition, there was an exceptionally favourable factor; while the drought pushed up seasonal food prices sharply in 1976 — a rise of 44 per cent in less than six months — a return to more normal conditions last year resulted in a decline of nearly 17 per cent in the year to this spring.

The decline in seasonal food prices may be regarded as exceptional and the rise in sterling last year is, according to most forecasters, unlikely to be repeated in the immediate future. So a decline of well over a half in the 12-month rate of retail price inflation to 7.7 per cent in the last year has been achieved in unusually favourable circumstances. Indeed some of these influences are continuing to be felt as it takes about a year for a change in industry's raw material costs fully to be reflected in prices in the shops—and sterling was still rising until early January.



Variable items

It is because most of the main determinants of prices are clear well in advance that Mr. Hattersley can feel reasonably confident about his projection of little change in the 12-month rate for the rest of this year with small ups-and-downs from month-to-month. But some outside forecasters are slightly less optimistic and believe that the rate could creep up to just above 10 per cent by December.

The caution expressed by the Price Commission about the medium-term prospects has been reinforced by a slight rise in the underlying trend in the last couple of months. This is best shown by a prices index which excludes traditionally variable items like seasonal foods and is measured over the last six months. As expressed at an annual rate this stood at 6.8 per cent in March but was 8.6 per cent in May. Although the figures have been distorted by the exceptionally large rise in April, when annual increases in local authority rents and rates came in, the trend is clearly upwards.

Indeed a number of last year's favourable influences have already been reversed. In particular, the acceleration in the growth of the money supply last winter and the, probably erratic, deterioration in the current account in the first quarter have both contributed to a 7 per cent decline in sterling since January. This drop, in conjunction with a recovery in the world price of some commodities, has pushed up the cost of industry's raw materials by 5½ per cent in the last three months.

Few forecasters expect a particularly rapid growth of commodity prices in the immediate future because of the sluggish level of world output: the freezing of the oil price by the producing countries is indicative of this. Moreover, there is some short-term confidence among economists that sterling may remain stable following both the recent credit squeeze measures to hold down monetary expansion and in view of the expected current account surplus for the rest of 1978.

But the pound is still potentially vulnerable, either to a deterioration in the current account caused by a rapid growth of manufactured imports as a result of the current consumer boom or in response to a weakening in foreign confidence produced by large wage settlements. This is where pay becomes important, both in reaction to earlier currency and monetary movements and as an influence on future changes in sterling.

Unprecedented jump

The increase in pay during the current round to the end of July is likely to be between 14 and 15 per cent for the economy as a whole, and possibly around 16 per cent or so in production industries. There have been signs of an acceleration in recent months as a result of higher overtime and other pressures associated with the pick-up in economic activity. So it is likely that labour costs are now the major factor pushing up prices.

The faster rise in earnings has been translated into an almost unprecedented jump in real take-home pay. This is after taking account both the slowdown in price inflation produced by the rise in sterling and earlier wage restraint and the large tax cuts of the last year. The Government's hope is that this rise in disposable incomes and a lower level of price rises will provide the right climate for pay moderation. The discussions so far have been in the vaguest terms since Ministers have not wanted to antagonise union leaders in a pre-election period.

The Government has said it will not spell out its own views until after the end of the main union conferences at the end of next month. But the Treasury forecasts (reflecting its internal aims) are based on a rise in earnings of between 7 and 8 per cent in the coming year. The Bank of England bulletin last week pointed out that the rise in earnings would have to be below 8 per cent—implying only 5 to 6 per cent on basic wage settlements—in order to keep the rise in prices next year below the current rate.

The level of settlements in a particular round is strongly influenced by any early high pace-setting deals, but the process is not completely random. Apart from the general inflationary and monetary background, there is the existence of cash limits in the public sector as a check, at least for the moment, while the willingness of private sector companies to concede high settlements will be affected by the present squeeze on profit margins and possible pressure on liquidity later in the year.

The outcome is still open to a wide margin of error but the view of most forecasters is that average earnings will rise by between 10 and 15 per cent in the coming year. This implies a smaller rise in unit labour costs in view of the expected rise in output and possible recovery in productivity. Aside from the exchange rate uncertainty, this suggests that the 12-month rate of retail price inflation will fluctuate around 10 per cent over the next year or two. This might mean a higher inflation rate in the UK than abroad, and it does, of course, imply a doubling of retail prices every seven years.

So the result of the last three years of restraint may have been to prevent hyperinflation but to leave the underlying long-term rate of increase at significantly above the level of the 1950s and 1960s. Nevertheless, Labour Ministers can console themselves with the virtual certainty that the 12-month rate will remain at about its current level until after an October election.

Letters to the Editor

Production

From the President, British Numerical Control Society

Sir,—The announcement that we are some 10 years behind our international competition in automated small batch production manufacturing technology and that our current research and development is very small in comparison with other industrial nations did not even gain the main position in Technical News on June 16 (page 16). Couple that with a grant of £70,000 as against £341,000 for wind power and one has perhaps highlighted the problems involved in making this nation aware of the situation, not into which we might slip, but into which we have already slipped.

Not enough of our effort is being devoted to how to produce things, to how they should be designed for production, and until this is rectified we will continue to see ourselves forced out of markets in which we must be able to compete if we are to remain a major industrial power.

One can visualise, sadly, Don Quixote and King Canute silhouetted against a Rising Sun.

M. C. P. Hewitt,
Parrus House, 62, Floral Farm, Canford Magna Wimborne, Dorset.

Windmills

From Mr. W. Whalley

Sir,—David Fishlock's article on windmill power (June 16), brings out the point that present development in this field is concentrated on the conventional fan type, familiar for centuries.

I suggest that it would be worth while examining the possible advantages of the drum type wind turbine: the blades are mounted round the periphery of an open work vertical drum. On the face of it this design avoids the high stresses and poor wind utilisation of the fan type. The blades move at uniform velocity along their whole length, and are fairly short. This eliminates the high tip speeds of the fan together with high stresses at the root of the blade, problems which long dogged helicopter makers. Moreover the vertical blade utilises evenly the airflow throughout its length, unlike the fan in which the inner part of the blade, moving at slow speed contributes only marginally to the work extracted from the wind.

The drum is mounted on a low tower and presents an unobtrusive profile. The same blade length, on the side facing the wind, can be obtained from an altogether smaller structure than in the case of a fan.

The conservative design and long life of the vertical drum wind turbine is well illustrated by the examples on the Syrian railway where is passes through the notoriously windy Homs Gap. These were installed by the French, when they built the line in the early years of this century, for the purpose of pumping water from wells, and lasted into the 1960s. Perhaps those interested in wind power could learn something from these.

W. C. R. Whalley.
105, High Street, Hungerford, Berks.

Power

From Mr. J. de Rivas.

Sir,—I read with interest your report on aerogenerators (June 16). You may be interested to know that there is a British invention which looks extremely promising. It is being developed by Dr. Musgrove, of Reading University, and there are already two examples being developed for the small user by British firms. It is the variable geometry vertical axis windmill. The stated advantages include a very much simpler mechanical system and a lighter and less obstrusive tower. It is capable of operation over a very wide range of windspeeds. A 2½ mW version is proposed for use off-shore in connection with a national grid. An American firm, Marks Polarized Corporation, is reported to be experimenting with a static system, which generates power from the wind with no moving parts.

John de Rivas.
West Towan House, Porthtowan, Cornwall.

Representation

From Enid Lakeman

Sir,—It is of course admirable that Conservative Action for Electoral Reform should strive to get included in its party's manifesto a pledge at least to hold a referendum on reforming our electoral system.

What is not at all admirable is that—with such a pledge only a distant possibility—CAER should contemplate using the large popular support for PR as a bait to lure voters away from the Liberal Party which has long been battling for it, to the Conservatives who for the last half-century have allied themselves with Labour to prevent any change in our present electoral system.

Enid Lakeman.
37, Culverden Avenue, Tunbridge Wells, Kent.

Precisely

From Mr. S. E. Scammell

Sir,—The constant interjection of the phrase "You know" to which your correspondent Mr. Dewar objects (June 12) is by no means meaningless. It originated in rural areas and thence spread to the city (another example of the countryman being two strides in front). Its meaning is: "You are as well aware as I, or better, of all the factors that provide the context for and motivation of the matter under discussion, and it is not therefore necessary for me to express myself upon it clearly or with precision." Such a contraction of 41 words to two is surely praiseworthy?

S. E. Scammell.
East Knoyle, Salisbury, Wilts.

Basically

From Mr. E. C. Bowman

Sir,—My particular bête noire is the constant and frequently wrong, use of the word "basically" which nowadays seems to creep into every TV interview and therefore copied by almost everyone as an "in-word" and a sign of verbal culture. I am sure that many people do not realise how often they say "basically" which has become as intrusive as the "you know" to which Mr. Duncan Neil Dewar referred on June 12.

As regards the TV interviewees mentioned by Mr. D. R. Hall (June 17), I am equally averse to the frequently used phrase "that's a very difficult question" which seems to be the current alternative to saying "I don't know"!

E. C. Bowman.
Cold Wall Farm, Mellor, Stockport, Cheshire.

Verbal

From Mr. W. R. F. Spearman

Sir,—Mr. Colin Willsher (June 17) refers to the words "verbal" and "oral" and their differences. The Shorter Oxford English Dictionary's definitions are: Verbal, "expressed or conveyed by speech instead of writing: stated or delivered by word of mouth; oral 1591." Oral, "uttered in spoken words; transacted by word of mouth; spoken verbal 1628."

On the subject of modifying a written agreement, the Chief Justic Lord Denman some time ago ruled as follows: "By the general rule of the Common Law, if there be a contract that has been reduced into writing, verbal evidence is not allowed to be given of what passed between the parties. . . ."

W. R. F. Spearman.
35, Abingdon Court, Abingdon Villas, W8.

Phenomenon

From Mr. G. Szpiro

Sir,—It might be of interest to monetarists and philatelists to watch the curious phenomenon as the size of our Bank notes is reduced in line with our economic regress the postage stamp increases in size. Any comments?

George Szpiro.
Imperial House, Dominion Street, EC2.

Inflation

From Mr. M. Walford

Sir,—The Bank of England is asking for "moderation in the next pay round." Can anyone explain why there has to be another pay round? Surely we should get back to the old idea of a rate for the job and to accept that the only ways of getting more pay is to work harder, produce more, or get promoted. If one accepts that there is a pay increase every year for those doing exactly the same as in the previous year, then we shall have inflation for ever.

M. M. Walford,
Newland Corner, Sherborne, Dorset.

Accuracy

From Mr. N. Shapton

Sir,—Those listeners who hear the early morning programme of largely inconsequential chatter transmitted by the BBC on Radio 4 may prefer that the responsibility for the occasional time announcements be removed from the broadcasters who over the years have seldom mastered the art of telling the time. Within the past few days one announcer got it wrong by one hour and on another occasion the time was told in the manner of a four-year-old—"10 seconds past 10 minutes to 8" (for good measure we were churlishly encouraged to "work that one out").

All this is not very helpful to anyone in a hurry and using the programme as a time check. The programme itself squanders so much money on telephone calls all over the world for the most frivolous reasons and I suggest that a few pence be spent in plugging the transmitter into the PO telephone time clock which tells the time so well and so accurately.

N. H. V. Shapton,
22, Avenue Road, Teddington, Middlesex.

Telephones

From Mr. D. Stickland

Sir,—Those who were surprised to read that ". . . the telephone is better value for money than it has ever been" (Peter H. Young, June 19), because they have perhaps received an unexpectedly high bill, may be interested to learn that: (1) The published tariff times for one unit are apparently subject to an error of plus or minus 1 per cent, and so a three-minute cheap "B" rate call may cost four units—about 30 per cent more than one of "Buzby's claims." (2) I made an STD call after 6 pm on February 5, 1976, and discovered that I was being charged at the standard rate and not the cheap rate. The Post Office subsequently gave me a £10 rebate. Despite inquiries, however, I am not aware that any specific rebate was given to any of the other 36,000 subscribers in the Maidenhead charge group for this incident.

Don Stickland.
13, Welby Close, Maidenhead, Berks.

Rating

From Mr. B. Campion.

Sir, — Accustomed as I am to all the poor and unconvincing arguments advanced to preserve the abominable rating system, I must admit that Mr. Sedgwick (June 21) has produced something quite new in that department. The lad should have credit for his originality—and perhaps some enterprising reader will be able to work out how young bachelors who do not pay rates are subsidising married men with families (or elderly pensioners), who do.

Without quibbling over Mr. Sedgwick's self-contradictory statement that the rates are "a fairly just tax if perhaps a little rough," we cannot help wondering why rate payers deserve their rating bills because they are "living beyond their means"—for having the cheek to try to buy their own three-bedroom semi, it would appear.

The rates are the one horror of modern life which cannot be reduced by the householder, no matter how frugally or thirftily he manages to live. He can cut down on food, fuel, clothing, entertainment, transport, and communication, but so long as he remains in the house he has laboriously acquired through a lifetime's thrift and self-denial, he has to foot any preposterous bill his local council runs up — mainly on local amenities he is too old to need or enjoy, and which Mr. Sedgwick gets for nothing.

Mr. Sedgwick equates the rating levy with VAT, in that it is based "on what you can afford." You can decide not to buy goods bearing a VAT, but how can you decide whether you can afford your rates? Should you make yourself homeless (and become another burden on the rates) because you just cannot find the money for the rocketing rates demands?

Bernard Campion.
34, Treveneague Gardens, Manadon, Plymouth, Devon.

The great whaling affray

BY RICHARD MOONEY

THE INTERNATIONAL Whaling Commission's 30th annual session begins its deliberations in London on Monday about the level of whaling for the coming year, and if things go as badly as some people fear there may never be a 31st.

The IWC, which was formed in 1946 and began operations in 1948, has had some *stormy* sessions but tempers may run higher than ever next week. The most heated argument is likely to be over a proposal by *Panama* that all commercial whaling should be banned for 10 years to give stocks a chance to build up and *scientists* an opportunity of assessing the real state of stock depletion and recovery rates. Most of the Commission's seven whaling member states, particularly Japan and Russia, can be expected to fight this proposal tooth and nail; but they are outnumbered by the 10 non-whaling members. These include the U.S., *South Africa* and Britain, all of which stopped whaling when it *became less profitable*, and have now banned it.

The IWC was originally conceived *as a commercial resource* management body but as members have gradually dropped *out of the whaling industry* its effective function has changed to one of conservation—for which it is palpably *ill-designed*. Its members account for around 90 per cent of the world whale catch and just two of these—Russia and Japan—catch nearly three-quarters between them. Russia occupies the top spot with just over 40 per cent and Japan catches about 28 per cent.

This will not be the first time a 10-year moratorium has been *suggested*. It was first *mooted* in 1972 when the U.S., the UK, Argentina and Mexico voted in favour. And it was on the agenda *again* the *following* year when Canada, France, Panama and even Australia—itself a whaling country—added their support. Pressure for a *moratorium* is stronger than ever this year and there seems a real chance of Panama's proposal being *adopted*.

But would a moratorium be the whales' saviour or would it condemn *them to even quicker* and surer extinction? Whalers in Japan have urged that their Government should withdraw from the Commission if the *moratorium* is imposed, and Russia is widely expected to do the same. In fact all these two countries *would have to do if* they wanted to continue hunting whales in defiance of IWC policy would be to lodge objections to the decision within *90 days*. This would absolve them of all responsibility to abide by the decision. In theory they *could remain* members of the IWC and carry on whaling.

Sanctions

But Friends of the Earth (FoE) the conservationist body leading *the campaign to save* the whales, does not believe this would happen. Member *countries of the IWC could* take "independent steps," FoE suggests, to bring pressure on whaling nations to abide by the decision. In particular the U.S. could invoke its "Pelly Amendment" and ban all Japanese fish imports. Others could refuse to allow the import of sperm whale oil.

Whether the non-whaling countries would impose such *sanctions* wholeheartedly is uncertain. But if they did it is doubtful that the whaling *nations would be prepared to* suffer the foreign exchange losses that continued whaling under these sanctions would imply.

Should whaling be *stopped* for 10 years? The question *divides into* two broad areas: ethics and commerce. On the ethical side it further divides into *emotion and the arguments* of the conservationists.

"Is there any serious justification for killing such peaceful, highly intelligent and well adapted *animals* as whales?" FoE asks. And this is obviously the main strength of the "ban whaling" campaign. The great whales are arguably the most *magnificent* creatures left on earth and many people find the killing of even one of them, whether it *endangers* the species or not, highly repugnant. To these people the prospect of 23,000 whales being slaughtered, as happened in the last whaling *year, is nothing short of horrific*.

Just short of this extreme, emotional view, come the true conservationists who merely seek to ensure that no species of whale is hunted to the point *of* extinction. These people favour a moratorium because they do not trust the whaling nations to stop short of *totally* extinguishing *stocks* while there is one more yen or rouble to *be squeezed out of them. Nor* do they believe that the IWC has the "teeth" to prevent ex*tinction of individual* stocks through the operation of its annually decided quotas for the various species of whale in each sea area.

The commercial argument in *favour of the moratorium* is somewhat thin. It is probably true that if whaling continues at present levels—the Japanese have said they will "retreat no further" on quotas—"commercial extinction" of most stocks cannot be far off. A 10-year *standstill would almost certainly* allow most stocks to recover to a level where profitable whaling could be resumed at a level which would not threaten the *continued existence of any* individual species.

But it is unlikely that after a 10-year lay-off the industry would ever be revived. Adjust*ments to eating and purchasing* habits — much whalemeat goes into pet foods—would probably have destroyed the demand for whale meat. Substitutes—which already exist—would have taken over the market for sperm whale oil, which is used for the *manufacture of light oils*, among other things.

For practical purposes there*fore, a 10-year ban can prob*ably be equated with the destruction of the industry, satisfying both the emotional and the conservation lobbies — but not, of course, the whalers. Against this, the whalers argue that because it is in their own *financial interests to ensure the* existence of whale stocks at fairly high levels, conservation *can safely be left in their hands*.

The most obvious fallacy in *this argument* is that there is little commercial distinction (except for size) between dif*ferent species of whales*. What the industry would be seeking to ensure, through self-interest, *would be the availability of a* large tonnage of whale meat and oil. If one species were to *become extinct, the whalers* would simply hunt another.

On a technical level, however, *there may be a more basic fallacy*. This is dealt with in the theory which states that a profit*making industry* will always exterminate its natural resource base because once the discount rate on invested capital rises above the rate of renewal of the resource, it pays the entrepreneur to work *towards* the extermination of the species he *is exploiting*.

Mr. Richard Filtel of the World Wildlife Fund puts it more simply: "The plain fact is that maximisation of profit *cannot* coexist with the *exploit*ation of a natural population any more than a fox can coexist with a henhouse!"

Acceptance of this argument would imply that a further non-commercial constraint needs to be placed upon the industry, if only to *ensure its* own survival. But, short of a total ban, can the IWC provide sufficiently *effective* constraint?

Quota cuts

Whale catches have certainly declined under the stewardship of the IWC. In the 1964-65 season more than 46,000 whales *were caught by IWC member* States in the Southern Hemisphere alone: last year the *world total* was *about* 23,000. Moreover the hunting of two species has been banned altogether—blue whales in 1968 and fin whales in 1976. Sceptics argue, however, that the fall in catches was due more to stock declines and consequent reductions in *profitability* than to the good offices of the Commission. This view tends to be supported *by the fact that* in many instances the quotas set by the IWC have not been reached.

The Commission seemed, to the casual observer, to have made something of a breakthrough at *last year's annual session* in Canberra where a 36 per cent reduction in the quota total was achieved. This mainly reflected a swingeing cut in the North Pacific sperm whale quota from 7,200 to 763 on the advice of the Commission's scientific committee. But the *conservationists'* triumph was *short-lived*. At a special meeting of the Commission in Tokyo last December the North Pacific sperm whale quota was lifted to 6,444 after what many observers saw as a blatant piece of "juggling" of scientific evidence. This reduced the original *cut on the quota to only* 12 per cent.

Dr. Sidney Holt, the UN Food and *Agriculture Organisation's* representative at the Tokyo meeting, was one of the many *observers* who were very dubious about the new evidence which allowed the reinstatement of most of the lost quota. "It does not appear likely that the advice now presented is more reliable or more likely to be correct than the previous *advice," he said, adding that* the complex calculations involved appeared incomplete *and were based on* "guesses rather than estimates."

This lack of confidence in the scientific advice on which quotas *are based is crucial to the issue*. "The scientists really do not know how many whales there are," *declared Mr. Filtel* after the Canberra meeting.

If the scientists are erring on the side of over-estimation of the whale population many stocks could soon sink below danger *level*. According to Mr. Filtel, "there seems little doubt that within five years, perhaps less, the moratorium will have imposed itself, as each successive stock now being harvested has to be classified as a protection stock." Under the IWC's "new management procedure" the hunting of a species has to stop when its numbers fall below a certain level (between 35 and 60 per cent of its estimated normal population).

There is a case for whaling—a human case. The industry provides food and employment *for many people, particularly in* Japan, and its destruction would undoubtedly cause *suffering. However, the extent* and severity of that suffering is difficult to estimate with any confidence. In a document issued ahead of next week's *IWC* session the Japan Whaling Association claims that reduced whaling effort has already cost *10,000 Japanese their jobs* and that a total ban would threaten the livelihoods of 200,000 more *people who depend* "directly and indirectly" on the industry.

Food industry

Bemoaning the fact that Japanese supplies of whale products have *dropped* to one-eleventh of their former size the Association says: "The *traditional* whaling *industry of* Japan is a vital food-providing industry for the Japanese *people. Whales have deep roots* not only in the Japanese diet but in culture and customs.

The Association adds that it *is anxious to avoid confronta*tion with its non-whaling partners in the IWC and is pressing for a "*new dialogue*" aimed at reaching a "peaceful and realistic" settlement. Greater *efforts* should be made to persuade non-member whalers to join the IWC. "Some of the extreme proposals offered in past years have made these *nations unwilling to join*," the Association claims.

But these statements have *cut little ice with the conser*vationists. Friends of the Earth describes the claim that *200,000 Japanese depend on the* industry as grossly inflated. "Only 750 are directly involved in whaling and those indirectly involved are far fewer than the number cited."

FoE *further claims* that whale meat contributes less than 0.5 per cent to Japanese protein intake and only about 5 per cent of total meat consumption. "Sperm whales provide no food for human consumption but they amount *to the greatest proportion of* Japan's whaling industry."

It is in the nature of things that both the whalers and the *conservationists* should overstate their cases in this debate. And the truth must lie somewhere between the two camps. From an ecological point of view it would be safer to accept *the anti-whaling* than the pro-whaling arguments but for the moment the whalers seem to *hold the stronger cards*.

If the *conservationists* are right we are at present witnessing the suicide (or perhaps *hara-kiri*) of a once-great industry. It is to be hoped that it will not be allowed to take the last of the great whales with it.

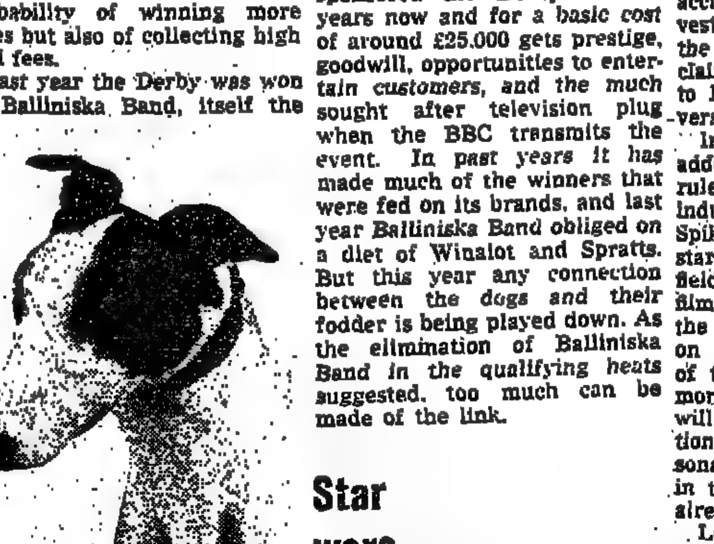
Weekend Brief

Dog story

Going to the dogs these days *can be a very lucrative business*—especially if you are the owner of next Saturday's winner of the Spillers Greyhound Derby at the White City. The £20,000 first prize makes it the richest six dog race in the world—an eight dog event in Florida is even more valuable.

But the prize money is only the starters. "The moment the dog passes the winning line I reckon its value increases by at least £10,000," says Bill Holmes, the general manager at White City. Breeding goes a long way in dog circles and having a Derby winner in your kennels means not only the probability of winning more races but also of collecting high stud fees.

Last year the Derby was won by Balliniska Band, itself the son of a Derby (Irish) winner, and a hot favourite again this year *until it went lame and was* eliminated in one of the many heats which make the race such a *demanding test of* a dogs speed. Balliniska Band was trained in Manchester by Eddie Moore. "*Winning the* Derby made all the difference in the world," he says. "We now get offers for his use as a stud dog at £200 and more a go. The average fee is nearer £60." Balliniska *Band* will not run again but he will earn his keep for a good few years.



Balliniska Band: The champ

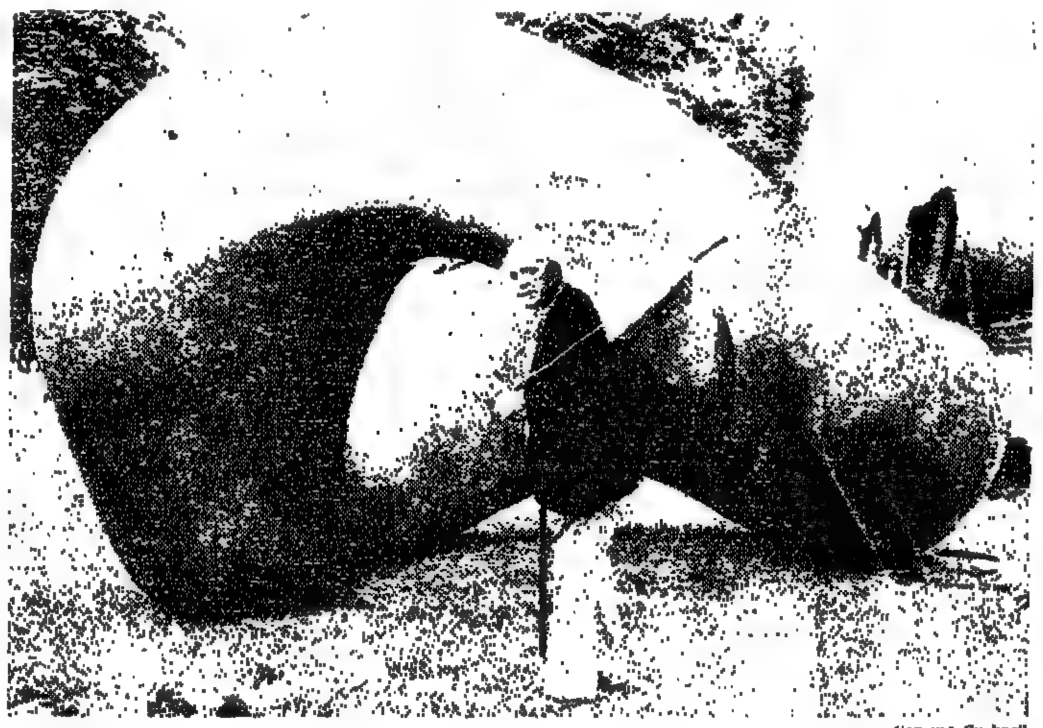
Eddie Moore trains 55 dogs at Belle Vue and there are hundreds of similar establishments throughout the country, often linked to the greyhound tracks. With companies like Spillers pushing up the prize money—and the alternative, if *undoubtedly grander*, experienc of owning a race horse now prohibitively expensive—grey*hound racing is showing signs* of a boom.

The costs seem modest. Eddie Moore charges just £7 a week, plus VAT, to look after a dog. At the more fashionable White City, where *there are* 220 dogs, it is only £10 a week. Of course, first you must acquire a dog and *although some* sort of racing animal can be bought for £300, a dog with some breeding and a likely look about *him costs* £1,000 plus.

For most owners having a *greyhound in training is* a not too ruinously expensive hobby, with pleasant nights out at the race track. At White City they have noticed a few peers switching down (or up) from horse ownership, and if, in the main, greyhound owners still tend to be successful businessmen there is now a fair scattering of personalities — actress Diana Rigg, footballer Mick Channon, and broadcaster Dickie Davis *have all owned dogs*—and the occasional grandee: the Duke of Edinburgh is credited with *ownership of Camira Flash* which won the Derby in 1968.

But the real money in owning a greyhound is not to be made *out of winning races, where the* first prize rarely exceeds £100, or in stud potential, but in betting. Inside information can make all the difference in the ante-post betting, and some of *the dogs running in the final* would have been offered at odds of 200-1 a few months ago. All *told £1m will be wagered on the* Derby.

At least Spillers gamble in *supporting greyhound racing* seems to have paid off. It has sponsored the Derby for six years now and for a *basic cost* of around £25,000 gets prestige, goodwill, opportunities to enter*tain customers*, and the much sought after television plug when the BBC transmits the event. *In past years it* has made much of the winners that were fed on its brands, and last year *Balliniska Band* obliged on a diet of Winalot and Spratts. But this year any connection between the *dogs* and their fodder is being played down. As the elimination of Balliniska Band *in the qualifying heats* suggested, too much can be made of the link.



Corinne Cockrell

To celebrate his eightieth birthday Henry Moore has been given the freedom of London's Kensington Gardens to display ten bronzes in outdoor settings. Henry Moore at the Serpentine runs from July 1 to early October. The sculptor is seen here supervising preliminary work earlier this week

Star wars

Even this column is not above seeing the *fascination* value of a family fight, but it is nice to know that this particular one is a battle in *which both* sides could win. On my left stands Lord (Lew) Grade, heading *ATV Corporation* and thus ITC the major film-making arm of that organisation. On my right *Lord (Bernard)* Delfont, head of the films and entertainment division of EMI and youngest *brother of the* Grade trio. The battle fields are the cinema screens of the world.

Coincidentally the two Grades took separate decisions a couple of years ago to go into big budget *international* film making on a grand scale and, although there have been a few *tasters from* both sides, the main crop will emerge over the next few months. Already *sitting on a slice* of the takings from the sci-fi hit *Close Encounters of the Third Kind EMI is* currently in the process of releasing *Convoy and Driver* and is preparing *itself for The Deer Hunter* later this year. ITC meanwhile has released its *Medusa Touch* which opened this week in London, and *Capricorn One*, playing to packed houses *in the U.S.*, and is gathering its marketing strength for the launch of the *Boys from Brazil with Laurence* Olivier and Gregory Peck in October of this year.

Neither of the brothers have provoked much delight in the British film industry with their recent moves, *both having* been accused of moving too much investment to the other side of *the Atlantic. But* both would claim that the returns will come to Britain, which is a nice reversal of the traditional flow.

In Delfont's case there is an added dimension. Under his rule two *young* lions of the film industry, Mike Deeley and Barry Spikings, became the rising stars in EMI's film production field. This latest range of EMI film is very much the result of the Deeley-Spikings regime and on the box office performance of the films over the next 12 months that their reputations will rest. For Grade the collec*tion of ITC films reflects* a personal desire to become the force in the film industry that he is *already* in television.

Lord Lew has been accused of over-spending in order to get *the right stars and stories*, pricing some of his Hollywood competition out of the market, but *the next six months will* prove whether he has been right or wrong.

The *Medusa Touch* opened to what is politely called "mixed" revues in London, with Grade himself saying that the "high brows" ignored it while the popular papers gave it rave notices. *Capricorn One* has received broader acclaim and seems *well on the way* to being a money spinner—in his less effusive moments Grade describes it as "absolutely phenomenal." But Grade, now in his seventies, is not only interested in cash receipts. His is so keen on what he has seen of *Movie Movie* that he is having it pre-released in December of this year in order *to qualify for the next round of* Oscars.

The peculiarities of the Bri*tish film market mean* that films tend to be given their first airing in the winter months. Thus the main EMI products may not be seen here for a little while. However, *Convoy*, which stars Kris Kristofferson and was made at considerable expense in the *southern U.S.*, *has done* appreciable business in Tokyo, and *Driver*, which opened in Holland *in the teeth of World Cup fever*, has also been pulling in the crowds.

Not to be outdone Lord Delfont is planning a spectacular opening for *Death on the Nile*, a film version of the Agatha Christie book and reckons that it is "our most outstanding film ever." Big brother Lew intends *fighting back soon after with a* film version of *The Muppets*, a mammoth production of *Raise the Titanic* and the revival of the *Lone Ranger*.

Incidentally both reckons that films will make a noticeable contribution to their respective corporate profits in the *coming year*. All that and dividends too!

Nostalgia corner

IN JUNE 1938 the Escalope Milanaise at the just-opened Bertorelli's *Brothers* restaurant in London's Queensway cost 1/4d. Today, exactly 40 years almost to the day after the Queensway restaurant was opened, the same dish will cost you a mere £1.90—a rise hardly sufficient to compensate for the *intervening years of* galloping inflation.

But realistic prices for good Italian (and French and English) fare in a friendly atmosphere is the Bertorelli family's recipe for success—a philosophy which has endured for three generations since the four original Bertorelli brothers came to England from Italy just *before the First World War*.

Having survived two world wars and the vagaries of restaurant fashion (being left out of the Good Food Guide since 1973 may have been a *blessing in disguise*), the family's two restaurants at Charlotte Street and Queensway are *doing record business. Charlotte* Street has, in fact, just added on two new floors in the adjacent building; while Queensway is currently mulling over its own expansion plans

Yet there can be no doubt that any expansion will carefully retain the *Bertorelli* atmosphere that has existed for the past 65 years: Edwardian decor; *white table-cloths with fresh* flowers; handwritten menus; waitresses dressed in demure black *who are trained to re*member the orders in order to save time rather than writing *them down These factors give* Bertorelli's a nostalgia that is hard to find elsewhere.

But *no successful business can* run on nostalgia alone. Undoubtedly, the main factor in Bertorelli's success has been *that classic Italian tradition, the* family. One of the original four brothers, Lodovico, is still going *strong at the ripe old age of 97* although he strictly limits his day to day involvement in the *restaurant*. His nephew Pierino, who will be 70 in a few weeks' time, is a stalwart of the *Charlotte Street restaurant* and shows no sign of his age in his capacity for work. Cousin *Dante, himself in his early 60s*, is the other senior partner at Charlotte Street although cur*rently suffering from a spate of* ill-health.

The "younger" generation—the driving force behind Bertorelli's *present* prosperity—is represented by Davide at Charlotte Street and Renato and Adriano at Queensway. It was Renato who, without previous experience, turned the Queensway restaurant from a loss-maker in the mid-60s to its present success.

But while the *family* is extremely close they have stuck to three cardinal rules: only one *son per generation* can come into the business; a consensus on every issue is reached before *major* decisions are taken; and no women can be part of the management. This policy of family agreement on issues was severely put to the test by the ice-cream business which Bertorelli's built up after the war and which brought much *prestige but little profits*. Eventually Lyons bought the business a few years ago, although it is *still run* by a branch of the family.

The no women rule has relaxed *slightly* with the introduction of Davide's sister, Linda, to help out at Charlotte Street *during Dante's illness*.

Bertorelli's insistence on keeping the business in the *family has* undoubtedly limited its growth, even if that other famous family of Italian des*cent in the catering trade*—Fortes—has shown just what can be achieved by judicious *expansion*.

Contributors:
Antony Thorncroft,
Arthur Sandles and
David Churchill.

Economic Diary

TODAY — Mr. James Callaghan, Prime Minister, in weekend talks with top U.S. industry executives on whether Britain collaborates in aerospace with Boeing or EEC air*craft producers*.

SUNDAY — Mr. Denis Healey, Chancellor of the Exchequer, at Labour Party rally, Portsmouth.

MONDAY — Prime Minister expected to meet President Carter to discuss *aerospace*. Mr. Callaghan also receives first *Hubert Humphrey award for in*ternational statesmanship, New York. Quarterly analysis of bank advances (mid-May). Mr. Edmund Dell, Trade Secretary, meets delegation from Institute of Directors to discuss industrial democracy plans. House of Commons debates trade and the prosperity of the nation. Two-day meeting of EEC Foreign Ministers opens, Luxembourg. Two-day Financial Times conference on Scottish Finance and Industry opens, Edinburgh. *International Whaling Commis*sion meets, Mount Royal Hotel, London. National Food Survey on consumption (first quarter).

TUESDAY — Confederation of Shipbuilding and Engineering Unions conference opens, Eastbourne. Sir Leslie Murphy, National *Enterprise* Board chairman, at Foreign Press Association lunch, 11, Carlton House Terrace.

WEDNESDAY — TUC *general* council meets. Labour Party *national executive meets*. *Port of* London Authority emergency board meeting in attempt to finalise a plan on dock closures.

THURSDAY — Mr. David Ennals, *Social Services Secretary*, at TUC conference on 30th anniversary of National Health Service, Congress House. Commission for Local Administration in England statement on Local *Ombudsmen's* report. EEC Social Affairs Council *meeting, Luxembourg*.

FRIDAY — Prime Minister addresses Confederation of Shipbuilding *and Engineering* Unions conference, Eastbourne.

COMPANY NEWS

John Brown better than expected with £23.2m

PROFITS BEFORE tax of **John Brown and Co.** at £23.2m for the year ended March 31, 1978, are in line with the January expectation of more than £20m, and are well ahead of the £10.88m achieved in 1976-77.

There has been a further improvement in liquidity, bank borrowings have been eliminated and orders on hand total £272m compared with £176m last year, the directors report.

Following the good year, the Board expects the current year, given reasonable economic order, will again be thought satisfactory.

Turnover was £283.8m against £214.7m, gas turbines and specialist fabrication contributing £71.2m (£52.1m); process engineering and construction £101.8m (£62.1m); machine tools £48.2m (£48.3m) and general engineering and miscellaneous £62.6m (£52.2m).

A trading profit breakdown shows gas turbines contributed £7.5m (£2.7m); process engineering and construction £9.3m (£4.1m); machine tools £2.3m (£2.6m) and general engineering, etc., £4.6m (£2.4m).

Earnings per £1 stock unit for the year are shown at 98.3p (38.28p) and net assets per unit, 386p (300p).

A second interim dividend will be declared on August 18, payable October 6 of 4.712p or such larger amount as would reflect any reduction in the ACT rate. The maximum permitted total now will thus be paid. The previous total of 7.88p included a second interim of 5.28p net.

CJB and JBE Gas Turbines produced excellent results, the directors report. It was also a good year for Craven Tasker and there was a general improvement elsewhere, except for machine *tools*.

Tax of £7.72m (£1.73m) has been provided in accordance with ED19 and the previous year's figures revised to compare. Prior year-deferred tax written back on change in policy was £5.31m (£2.85m).

	1977-78 £000	1976-77 £000
Turnover	283,514	214,741
Profit before tax	23,198	10,879
Tax	7,721	1,729
Net profit	15,477	9,150
Minorities	4	5
Extraord. credit	571	—
Making	16,044	9,145
Interim dividends	630	409
Second interim	741	831
Retained	14,673	7,905

The group has written down the value of its Westland holding *by a charge against reserves* of around £1.5m.

Asked about the cash position of the group Mr. John Mayhew-Sanders, chief executive, said the year-end position was a net credit of some £15m compared with £9.3m net borrowings a year earlier.

The group has capital spending *plans this year of £15m, mainly* at Clydebank and Wickman, but with Markham also significant.

At Wickman, the group is spending both on making the factory more efficient and on new product design. Two new prototype machines have been produced, but the main stream of *the business is "as bad as it ever* was."

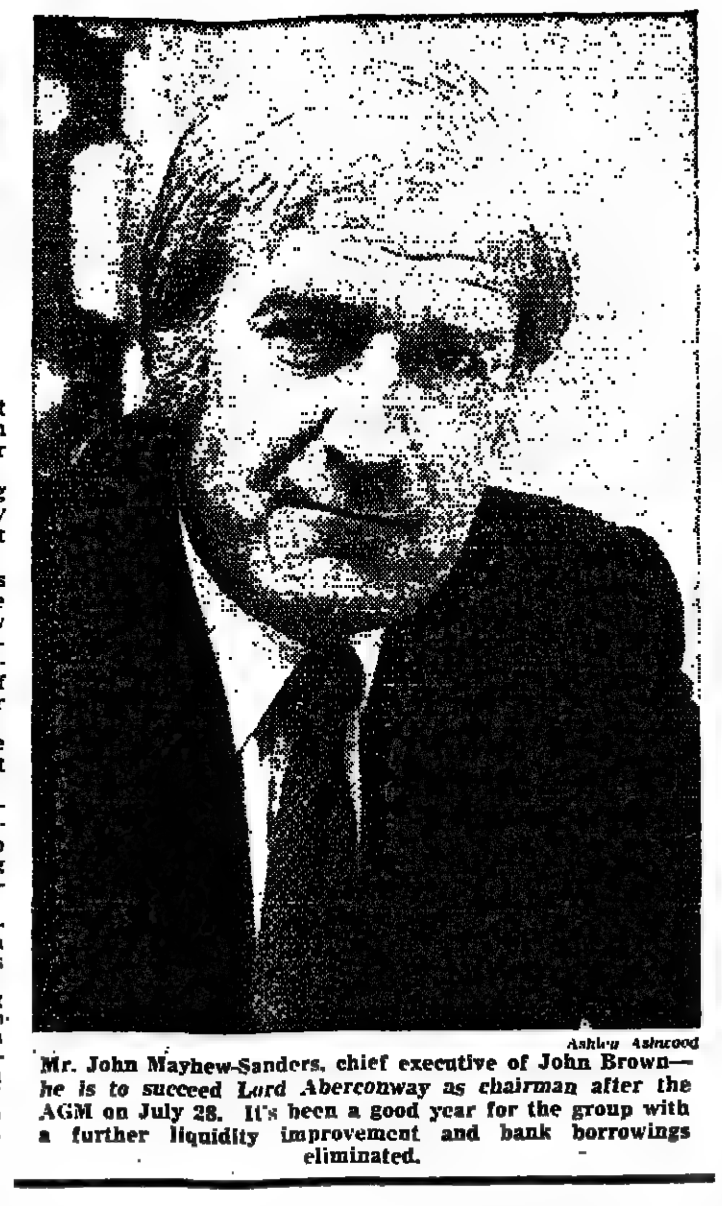
The £15m spending programme is without taking into account acquisitions.

The group is clearly as interested as ever in making a sizeable asset-based acquisition to give it another profit-earning division, says Mr. Mayhew-Sanders.

Although an overseas acquisition is not ruled out, John Brown is clearly in a mood to use shares for at least part of the price.

That, provided the deal is big enough—£6m or more, although the group may be thinking in terms of much more than this—would open up the prospect of a bigger dividend. Even a doubled dividend would leave the group with more than five times cover.

See Lex



Ashley Ashwood

Mr. John Mayhew-Sanders, chief executive of John Brown—*he is to succeed Lord Aberconway as chairman after the* AGM on July 28. It's been a good year for the group with a further liquidity improvement and bank borrowings eliminated.

Rediffusion recovers in latter half

ON TURNOVER ahead from £138.68m to £154.36m pre-tax profits of **Rediffusion** for the year to March 31, 1978, rose from £16.47m to a peak £17.43m after being slightly down at midway at £7.28m compared with £7.53m. The directors say profits were again affected by losses in overseas countries.

Earnings per 25p share are shown as being slightly ahead at 7.71p (7.60p) and the total dividend for the year is increased to the maximum allowed, 4.791p (4.29p), with a final net payment of 3.916p.

There was an extraordinary credit of £446,000 for the period comprising £659,000 profit on sale of land and buildings and other assets overseas, less £213,000 incurred in the reorganisation of Redifon Telecommunications.

Rediffusion is controlled by British Electric Traction Company.

	1977-78 £000	1976-77 £000
Turnover	154,355	138,683
Trading profit	38,623	37,076
Depreciation	20,703	18,281
Contingencies prov.	2,109	2,065
Interest	1,245	1,646
Share of associate	2,381	1,386
Profit before tax	17,429	16,470
Tax	11,130	10,770
Net profit	6,299	5,700
From minorities	94	675
Extraord. credit	446	—
Attributable	6,839	6,375
Preference dividend	34	34
Ordinary interim	722	722
Ordinary final	3,231	2,818
Retained	2,852	2,801

● comment

Rediffusion has done a little better than was hoped earlier this year. This is due to a better-than-expected contribution from associates, particularly Thames TV which continued to benefit from increased advertising revenues. Meanwhile, profits at the pre-associate level were sluggish for the year as a whole. Although the group had the full benefits of a 10 per cent price rise in rental activities — reflected in a 17 per cent uplift in turnover in the second half — Rediffusion is still bedevilled by heavy losses in Hong Kong and Canada. Its Hong Kong TV station has not managed to recover costs from what has been buoyant advertising revenue, while the Canadian cable-making operation is still not in profit. Redifron Telecommunications' problems are being sorted out, but could see some benefits from reorganisation in the current year. Meanwhile, the shares, at 93p, stand on a p/e of 11.6 and yield 8.1 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
E. Austin	2.57	July 27	2.34	3.85	3.48
Cardiff Malting ......int.	0.5	Aug. 1	0.9	—	1.7
Continental and Ind.	4.15	—	3.73	6.4	5.75
Lon. & Liverpool Tst.	0.46	Aug. 9	0.13	0.39	0.42
Rediffusion	3.92	July 27	3.42	4.79	4.29
Scapa Group	3	Aug. 18	2.45	5.44	4.35

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased *by rights and/or acquisition issues.*

Reliant deficit is £0.42m at six months

WITH A deficit of £555,000 by the motor vehicle manufacturing subsidiary, compared with profits of £15,000, being only partially offset by the surplus of £139,000 (£214,000) on the engineering side, **Reliant Motor Group** incurred a pre-tax loss of £416,000 *for the six months to March 31,* 1978. Profits came to £220,000 for the first seven months of 1976-77 and £860,000 for the full year.

At the AGM in March, Mr. J. F. Nash, the chairman, forecast a first-half loss of some £450,000 and a full year profit of not less than £200,000.

The motor company had a trading loss of £7,000 and redundancy payments totalled £548,000. In last year's first seven months, profits were £189,000, and there were temporary employment subsidies of £344,000. Redundancy payments came to £518,000.

	Six mths 1977-78 £000	Seven mths 1976-77 £000	Year 1976-77 £000
Turnover	12,393	15,005	25,061
Motor vehicles	9,833	12,519	21,023
Engineering	2,560	2,378	4,038
Loss before tax	416	*229	*360
Motor vehl. loss	555	*15	*104
Engineng. profit	139	214	256
Tax credit	67	*67	*181
Net loss	349	*162	*177
Extraord. debits	—	9	—
To minorities int.	1	1	1
Pref. dividends	2	2	4
Retained loss	352	*150	*172

* Profit. † Charge.

Mr. Nash now says of the motor company that "after drastic surgery, the patient is going to live and could in fact become quite healthy."

It was necessary to take urgent action early in 1978 to establish the motor company at a realistic size, he tells members. This has resulted in redundancy costs of £548,000 in the first half and the final total of redundancy costs will amount to approximately £600,000.

The benefits of the reorganisation are already evident, says Mr. Nash. The motor company is now viable and trading on a profitable basis with an improving cash flow. He anticipates that, in the second half-year, the motor company will make a profit of *approximately* £400,000. The motor company is now urgently pursuing the possibility of developing new products in the engineering and fibreglass fields that should be capable of generating profits in the foreseeable future, he adds.

In the engineering division, Hodgkinson Bennis is enjoying a good year and, although there have been problems at Press Operations and Smiths Forgings, steps are now being instigated to rectify the position. Mr. Nash expects the three engineering companies combined to make a profit for the year of not less than £200,000.

The chairman warns that shareholders must not expect the group to make more than a small profit for the year and the directors do not anticipate being able to recommend a dividend in respect of the current year.

"Nevertheless, management morale is now improving daily and there is every indication that the group can have a very healthy future."

● comment

Though not strictly comparable, **Reliant Motor's** latest results show the car division in the red, due to a further decline in sales and uneconomic overheads. While car sales figures for the first half are not available, registrations of Reliant's four-wheelers and Scimitars in the first five months of 1978 fell 36 per cent. This follows a 10 per cent decline in the seven months to September 30, 1977. The three-wheeler Robin apparently fared no better. The engineering division performed satisfactorily but Reliant's overall position was distorted by redundancy costs which amounted to £548,000. However, the drastic surgery undertaken last year *following J. F. Nash Securities'* entry appears to be paying off. The car division is trading profitably and could make profits of £400,000 in the second half while the three engineering companies' profits may not be less than £200,000. But it does not now look as though Reliant will reach the £200,000 pre-tax level forecast by chairman Mr. John Nash at the annual meeting in March. Now the companuy expects to make only a small profit. At 10½p yesterday, the market capitalisation is £2.7m.

ISSUE NEWS AND COMMENT

Leigh Interests £2.7m cash call for expansion

Leigh Interests is proposing a £2.71m rights issue with an offer of two ordinary shares for every *five held at 130p each.*

Giving their reasons for the cash call the directors say that the success of the group's Sealosafe waste disposal plant has encouraged them to pursue further opportunities for expansion.

Although part of the capital *expenditure in 1977-78 benefited* the results of that year, the bulk of the £1.39m expenditure will make a positive contribution for the first time during this year.

Sealosafe 3 which came on stream in April 1978 is already making a satisfactory return and group trading in the first two *months of the current year is at* a higher level than for the comparable period.

The chairman, Mrs. Joan Agar, says in her annual statement that the directors look forward with confidence to producing satisfactory results.

Since the end of last year the important acquisition of Barnett *and Beddows costing £818,510 in* cash and the acquisition of valuable tipping rights have been major factors in increasing group borrowings from £942,762 on March 31 1978 to £1,736,294 on May 31.

The directors state that the higher returns, being achieved from all divisions, means that, based on the present capital employed, these borrowings would show a declining trend.

However, in the UK Leigh is committed to acquire further waste disposal site facilities and make final progress payments for West Thurrock amounting to £400,000.

Also the joint venture development with RTZ Overseas Holdings and Tunnel Holdings is likely to commit Leigh to a further total expenditure of about £400,000.

Developments in Europe are being studied with Tunnel Holdings but these have not yet been quantified in financial terms.

Consequently while the proceeds of the issue will be available initially to reduce short term bank indebtedness, it is intended to use them principally to finance investments which will enhance the group's growth, particularly in the waste disposal field.

The directors expect, in the absence of unforeseen circum-*stances*, to recommend aggregate dividends for the year to March 31, 1979, of 4.335p per share compared with 3.885p.

The issue has been underwritten by Kleinwort Benson and brokers are Sheppards and Chase.

● comment

At first glance Leigh Interest's rights issue looks somewhat unnecessary. Debt at the end of May was £1.74m, which, though equal to 68 per cent of shareholders' funds, was exceptional in that the company had just paid out for an acquisition. Cash flow last year was around £0.9m and with another strong profits performance expected this year borrowings would have declined anyway. As it is the rights issue should pay off short-term debt of £1.39m and leave the company with cash of over £1.3m. However, it sounds as if Leigh is contemplating substantial capital expenditure this year—it has already allocated £0.8m, and the rest of the cash may go in developing overseas activities.

Leigh's profits are based on waste disposal—last year this division accounted for more than four-fifths of profits. Its Sealosafe method of treating toxic waste in the UK has a technical edge over its contemporaries and there is plenty of scope for taking it overseas, hence the tie-up with RTZ and Tunnel to give it more muscle. At 165p the prospective ex-rights yield is 4.1 per cent, while the p/e, on the enlarged capital and based on outside estimates of profits of £1.3m this year, is 18.7. A very high rating even for a company which has been tagged a "growth stock" in the market.

HENLYS

The circular containing details of the rights issue by Henlys has been sent to shareholders.

A notice convening an egm is caled for July 10 at which an ordinary resolution will be proposed to increase the authorised share capital.

Dealings in the new shares are expected to start on Monday.

E. Austin turns in record £0.4m

The directors of E. Austin and Sons (London) announce record pre-tax profits for the March 31, 1978 year of £404,973 compared with £290,981 last time on turn-*over up by £1.09m to £4.45m.* At halfway, profit was ahead from £104,000 to £174,000 and directors hoped for some improvement for the full year on the figures for 1976/77.

Net profit was £202,938 (£142,317) on the year after tax of £202,035 (£148,664).

The directors state that comparative figures have been adjusted to reflect a change in accounting policy in respect of depreciation of freehold buildings.

Earnings per 25p share are well ahead at 19.15p (13.43p) and the dividend is stepped up to 3.849p (3.4815p) with a net final of 2.3715p. The company is involved *in materials handling and ware-*housing, cleaning materials and oil.

Results due next week

A fair spread of company results should keep the ball rolling next week as Wimbledon fortnight gets under way. Preliminary figures are due from **Standard Chartered Bank, BPB Industries** and **Chubb**, while interims are expected from two companies which are pacemakers in their respective sectors, **BAT Industries** and **Trust Houses Forte**. Also due to report are **Imperial Continental Gas Association, LCP Holdings, SGB Group, Renold, MK Electric** and **Hicking Pentecost**.

Full year results are due from BPB on Wednesday and may be adversely affected by poor weather in the second half. Much of the scope for improvement on last year's £27.1m seems to have arisen in France where price restrictions had hit building material companies particularly badly. Signs are that new capacity there has increased the group's market share. The situation in Holland looks to be turning round while the Canadian market seems to be bottoming out. Profits from this operation, however, are understood to be benefiting from exports to the U.S. Meanwhile the Price Commission has granted an interim price increase in the UK while the building sector here is at least showing some signs of improvement. Estimates generally fall in the £28m-£29.5m range.

Chubb's preliminary figures, which will be announced on Wednesday, will reflect the favourable impact of the eight-week firemen's strike on demand for fire prevention and detection equipment. But the strongest influence is likely to come from an improvement in the contribution of the Gross Cash Registers subsidiary. It turned in a loss of £1.1m from acquisition date in January, 1977, to September 30 but remedial action taken suggests that it may have pegged some of this back in the second half. The City analysts are suggesting a figure in the vicinity of £15m pre-tax for the Chubb group.

City estimates of **Trust Houses Forte's** interim result, due next Tuesday, vary according to the importance analysts place on the group's central London hotel operations. Bookings in this area have been relatively flat but profits are slightly higher due to increased effective tariffs. This, together with the fact that THF is in a seasonal business leads some analysts to estimate a figure of £7.5m pre-tax, against £6.3m. The second group point to the very strong U.S. performance where Travelodge has already reported a £1m interim profit increase and other leading U.S. hotel groups have also recorded significant profit increases. They point out that hotel occupancies account for only 30 per cent of the hotel division's revenue, the rest coming from non-room items such as drink and food sales to the public. The catering division is expected to start showing the benefits of the reorganisation and the performance from the leisure sector is expected to improve. All these positive factors lead the second group of analysts to estimate a figure in the vicinity of £10.5m.

BAT Industries is apparently quite insistent that interim pre-tax profits can only be maintained but most analysts are expecting the group to beat last year's £217m. Estimates are grouped in the £220m-230m range, although analyst one is going for as little as £210m. The results, due on Tuesday, are certain to be affected by exchange movements, but given the group's retranslation at the year-end, too much emphasis should not be placed here. A price increase in the U.S. in August will benefit the whole first half while November's price rise in Brazil came three months earlier than during the previous year. In both cases market share has been maintained and *in Brazil* almost certainly increased. On the UK food retailing side the first six months will have continued to suffer from the price war though the new UK cigarette operation will not have to bear the costs of the State Express launch until the second half. Meanwhile, there is scope for recovery in cosmetics.

Standard Chartered looks set to report a pre-tax figure of £130m when it releases its preliminary results on Tuesday. Its South African subsidiary, Stanbic, has already reported a 42 per cent profit increase, and falling interest rates augur well for the results from its UK-based banking, finance and insurance subsidiary, The Hodge Group. Analysts have been firm in their view of a good result from Standard Chartered for some months so it is surprising that the share price took a tumble from 418p to 385p last week. The explanation appears to be that there is concern at the possibility of Standard announcing a rights issue at the same time it releases its results. In due course the bank may need to finance its proposed Californian acquisition. While it does not yet need to go to the market for more funds analysts feel that it may have reached the conclusion that the issue climate is the best it will be for the rest of the year.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Edgar Allen Balfour	Wednesday	1.2	3.13	1.2
Baileys of Yorkshire	Friday	0.9	2.362	1.0
BET Omnibus Services	Tuesday	—	—	—
BPB Industries	Wednesday	3.4	3.4262	3.657†
Braby Leslie	Thursday	1.75	2.75	2.042†
Bridgend Processes	Friday	—	Nil	—
Caird (Dundee)	Tuesday	—	—	—
Cattle's (Holdings)	Monday	0.56	1.643	1.0
Cawdaw Industrial Holdings	Thursday	—	2.201	—
Chubb and Son	Wednesday	1.272	2.256	1.376
Electrocomponents	Wednesday	2.0	2.528	2.4
Equity Consort Investment Trust	Tuesday	1.95	2.96	1.98
First National Finance Corporation	Tuesday	—	Nil	—
Gibsour	Thursday	0.9	1.7	1
Gresham House Estate Company	Wednesday	1.4	1.6	1.4
H. Ima	Tuesday	0.56	0.659	1.131†
Hicking Pentecost and Co	Wednesday	2.3	4.113	2.335
Imperial Continental Gas Association	*Tuesday*	3.5	5.28	4.091†
Maurice James Industries	Tuesday	—	—	0.5
J. Jarvis and Sons	Tuesday	4	4.343	4.4
LCP Holdings	Tuesday	1.4	2.99	2.0
MK Electric Holdings	Wednesday	2.5	2.69	3.0†
National Carbonising Company	Friday	—	1.3	0.66
Robert Moss	Friday	0.909	0.931	1.0
Premier Consolidated Oilfields	Thursday	—	—	—
Property Holding and Investment Trust	Tuesday	2.2	3.706	2.5
Regalian Properties	Monday	—	Nil	—
Renold	Thursday	2.5	5.953	2.692†
Renwick Group	Tuesday	—	Nil	—
Fomic	Monday	0.566	1.477	0.566
South Crofty	Wednesday	—	—	1.65
Standard Chartered Bank	Tuesday	7.0	19.325	7.809†
Stead and Simpson	Thursday	0.415	1.476	0.46
Tranwood Group	Tuesday	—	Nil	—
Walker and Staff Holdings	Monday	—	0.514	—
Weston-Evans Group	Thursday	0.821	1.91	0.917
Wharf Mill Furnishers	Friday	0.603	0.917	0.603
Whitecroft	Monday	2.31	3.07	4.4
Wilson Bros.	Monday	0.5	0.737	0.646
INTERIM DIVIDENDS				
Ashdown Investment Trust	Tuesday	1.2	2.57	
BAT Industries	Tuesday	7.37	9.91(a)	
Bett Brothers	Wednesday	0.687	1.613	
Blundell-Permoglaze Holdings	Wednesday	0.86	2.07	
Cronite Group	Monday	0.771	1.888	
CGSB Holdings	Wednesday	0.4	1.025	
Grange Trust	Friday	0.78	1.72	
Hardys and Hansons	Wednesday	2.1	4.9	
M and G Dual Trust	Wednesday	5.0	6.5	
J. F. Nash Securities	Friday	2.5	2.675	
Norfolk Capital Group	Wednesday	0.2	0.4	
SGB Group	Tuesday	2.5	2.771	
Trident Television	Monday	0.548	1.651	
Trust Houses Forte	Wednesday	2.25	3.9204	
Whatlings	Friday	0.9	1.605	
INTERIM FIGURES ONLY				
Johnson and Barnes	Thursday			
Sekers Rubber Company	Monday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes compensating dividend due to change in tax rate. ‡ Second interim in lieu of final. § Includes second interim of 0.64p. ¶ Includes second interim of 4.0p. (a) First interim of 4.4p already paid.

● NEWS ANALYSIS—GO EAST

Goldsmith's virtuoso performance

BY CHRISTINE MOIR

Over the last couple of days details have emerged of Sir James Goldsmith's latest virtuoso performance — an intricate interchange of assets involving companies in Britain, France, Panama, Bermuda and Hong Kong.

The net result — which still has to be formally ratified by a shareholders meeting on July 7 — is that between 41 and 44 per cent of the French conglomerate Generale Occidentale ends up split between Sir James himself and a Hong Kong quoted company, General Oriental, in which he is the largest shareholder.

On April 17, when its shares were suspended pending an acquisition, General Oriental was an insignificant investment company with 8m shares, valued in the market at £1.6m. Yesterday, trading resumed at HK$2 a share which means that when shareholders approve the deal it will *be worth £24.5m and have 104m* shares.

In between Sir James has given General Oriental such a massive transfusion of assets that the net asset value per share, despite the dilution, has risen from HK$1.24 to HK$1.48.

Although there are other elements involved the life blood *in the transfusion is the 31.3 per* cent stake (which could rise by another 3½ per cent or so through options) which General Oriental now has in Generale Occidentale.

Occidentale is a major French conglomerate owning not only 98.5 per cent of Banque Occidentale, and General Alimentaire, a French food company, but also 62.9 per cent of Lloyd's insurance brokers Wigham Poland and 100 per cent of Cavenham, the British food retailing and manufacturing group, which also has a half share in L'Express, the largest weekly magazine in France.

In 1976 Cavenham alone had sales of more than £1.6bn and trading profits of £48m. Generale Occidentale's 1977 net profits were *nearly* £20m.

This is the group that General Oriental now has a third of. The route by which it holds it is, needless to say, complicated but the key is the former British quoted property company, Argyle Securities.

Over the last few months Argyle has been completely transformed. Having been bought by two Occidentale subsidiaries, its property assets were taken over by Cavenham which paid Argyle £18.8m in cash for them.

Argyle raised a loan which enabled it to spend £11.1m on a 17 per cent stake in Occidentale "by private treaty," according to the documents. It also spent £700,000 on buying a 20 per cent stake in Trocadero, a private French company owned by Sir James.

Trocadero's main asset was an 18 per cent stake in Occidentale. *Argyle is now to increase its stake in Trocadero to 49 per cent* and will also buy a further 3 per cent Occidentale stake from Trocadero.

This left Argyle with a direct stake in Occidentale of 20.1 per cent—and through its shares in Trocadero an indirect holding of a further 7.4 per cent.

Just prior to these purchases Evon, a private Panamanian company *in which Sir James is the* largest shareholder (though not outright control(came on the scene, it bough Argyle from the Occidentale subsidiaries.

It is Evon which has now sold Argyle to Oriental, in return for a 60 per cent stake in Oriental.

Oriental already owned in its own right about 0.7 per cent of Occidentale and has made an agreement to buy a further 3.1 per cent (for more shares) from some independent directors of Occidentale. These are now being transferred to Argyle which also has options over a further stake held by Trocadero which could amount to 3½ per cent.

At the end of the day, therefore, Oriental will be the apex of a pyramid which directly owns 23.9 per cent of Occidentale plus a further 7.4 per cent held indirectly through its half share in Trocadero, which also gives it options over a further small stake of 3½ per cent.

Sir James himself retains 51 per cent of Trocadero which gives *him indirect control over 7.6 per* cent of Occidentale's shares plus a personal direct holding of 2 per cent. Net result? Between them, he and Oriental (in which his Panamanian company Evon becomes the controlling shareholder), own 41 per cent of Occidentale, or 44 per cent *including the options.*

Although it is the Occidentale stake which is the jewel in Oriental, Argyle itself is not an insignificant asset. Its latest balance-sheet shows cash of £16½m with a further £1.2m still to come from Cavenham from the March property sales.

Apart from a UK housebuilding company called Maidenhead which made pre-tax profits of £730,000 last year, and £2m worth of residual properties, Argyle has now been transformed into an investment vehicle.

It has already invested £1.7m in what Sir James describes as "strategic holdings," among them £400,000 *in Cavenham preference* shares.

More flamboyant is its latest venture. Argyle has lent Mr. John Aspinall £625,000 to buy convertible shares in a casino called Aspinall's Club. It has also provided £1½m of guarantees to the club. Along the way it has an option over 50 per cent of the club's equity any time between now and 1988.

It has also lent the club £200,000 which it will use to buy Mr. Aspinall's 40 per cent share in a company which runs animal parks and zoos.

So Oriental looks like ending up with 20 per cent of a zoo and half a casino as well as a third of Occidentale. And it could still have cash for more.

Scapa better than expected

PRE-TAX PROFITS for the year to March 31, 1978, at Scapa Group fell from £7.63m to £7.14m on turnover of £52.36m against £44.83m.

In February when the group announced its offer for Bury and Masco (Holdings), the directors warned that the strength of *sterling since December* would affect the already disclosed first-half surplus of £3.4m (£3.11m) and those for the latter half, and they expected full year profits to be about £6.5m.

Full year UK tax takes £1.62m (£1.96m), overseas tax £1.92m (£1.79m), and minorities £2,338 (£48,271) leaving the attributable balance at *£3.59m against £3.84m.*

Earnings are shown at 16.7p (19.9p) per 25p share and the dividend total is 5.44223p (4.3538p) net with a final of 3p.

The directors now say that there was a stronger finish to the year's trading than had been anticipated particularly in North America and some counter movement of exchange rates against sterling towards the balance-sheet date.

The volume of orders in the UK has in the current year's opening phase been compatible with a normal level of activity and in the North American group and other overseas companies the level of demand is encouraging.

*The group manufactures paper-*machine and other industrial felts and cloths, filter fabrics, and waste disposal units, etc.

● comment

Scapa's full-year downturn is only around 7 per cent, compared with the 15 per cent. shortfall predicted at the time of the offer for Bury and Masco. With about three-quarters of the group's sales being *generated* overseas, the strength of sterling was expected to cut deeply into second-*half* profits but in the event, sterling weakened against the dollar in the final quarter. Also, thanks to some buoyancy in the U.S. and Canadian paper industry, there was an increase in demand for paper machine felts and North American profits rose by almost a tenth. There are signs that this important market, which provides nearly half of group profits, is continuing its recovery trend although the equally important home market remains flat. The shares rose 2p to 98p to give a p/e of 5.7 while the yield is 8.7 per cent.

Midway drop by Kennings Estates

Although turnover increased from £844,000 to £891,000, pre-tax profits of Kennings Estates for the six months to March 31, 1978, were lower at £631,000, compared with £888,000. For all the previous year, a £1.42m surplus was achieved.

After tax of £341,000 (£364,000) net profits for the period dropped from £324,000 to £290,000.

The company, which owns and lets properties, is controlled by the Kenning Motor Group.

Youghal sees recovery in second half

Mr. B. L. J. O'Brien, the chairman of Youghal Carpets (Holdings) said at the AGM that it was anticipated that the company would return to profitability within the second half of 1978.

To give an up-to-date picture, he said the special costs of the reorganisation of the Youghal plant and the terminal losses already incurred in the running down of the Morris and Co. *(Kidderminster) and Gloucester* Carpet Company plants—which are being closed—must be segregated from the trading position.

Taking these factors into account, Mr. O'Brien added that indications were that the group would incur a loss for the half-year to June 30, 1978, but would show a substantially improved picture as compared with the second half of 1977.

Stronger base at Warren Plantation

THE STRENGTH of **Warren Plantation Holdings** has shown a marked improvement over the past few years and the diversification that has been adopted continues as planned, Mr. H. J. R. B. Salmon, chairman, says in his annual report.

However the buoyant commodity prices for tea and coffee did *not continue into 1978 and it is* likely that the profits for the current year will be not as good as the record last year, says Mr. Salmon. But with the diversification policy, the level of maintainable profit is now higher than in previous years.

The balance-sheet reserves of £12.47m (£10.43m) are now con-*siderably in excess of the issued* share capital — £1.05m — and the directors are actively considering a suitable restructuring of the capital to reflect the change in the group's capitalisation.

Pre-tax profits for 1977 rose from £4.67m to £10.9m from gross revenue of £23.73m (£15.91m). The dividend total is 14.67p (9.1p).

On the group's rupee scheme, the chairman says that in spite of almost continual negotiations over the last 12 months, the formal letter of approval from the Reserve Bank of India has yet to be issued. In addition to the finalisation of these proposals, the income-tax department are attempting to tax the secretarial remuneration paid to UK agents of sterling tea companies over the last 16 years.

Due to these two factors, the Indian Government has stopped the group's outstanding profit remittances and Warren has not received any funds in this country from India since early 1977.

The auditors, Parnell Fitzpatrick and Co., have qualified the accounts on these grounds and say no adjustment has been made to the Indian fixed asset values following transfer of those assets to the new Indian subsidiary company, as negotiations relating to the values are not yet completed.

In addition, the amount of any *assessments* to Indian taxation relating to secretarial remuneration paid to the UK in past years has yet to be resolved. Until these negotiations are concluded it is not practicable to ascertain the effect on the accounts.

In Assam the tea crop showed an improvement over the previous year. The gardens are in good *condition* but tax in India continues to be imposed at a penal level thereby restricting the resources that would normally be available for capital expenditure.

In 1978 the group will be consolidating 74 per cent of the results of Warren Tea. Due to the high tax this dilution in ownership should not have a material effect on net earnings, says the chairman.

Under the new Chief Executive in India directors have reorganised the operations of James Warren and Co. (India) and this is now in a much stronger position to take advantage of new developments in the agency and engineering sectors. As a first step in this direction the company is acquiring John Baker, a metal file manufacturing operation in Bombay.

In line with the policy of the government in Kenya, it was decided to change the status of Sasini Tea and Coffee into a locally controlled company. The Board considered that the most effective way of achieving this objective was to sell 20 per cent of the *equity to local Kenyan interests.*

Warren Plantation (Mt. Hagen) had a very successful year. The group has now extended its interest by setting up a head office *in Port Moresby and* also taking a 25 per cent interest in Hargy Oil Palms. Partners in the development of this palm oil project at Bialla in New Britain are the Papua New Guinea government, who own 50 per cent of the equity and SIPEF of Belgium, who have an equal stake to Warren.

In the UK DKS Containers' improvement continued and this company has proved to be a worthwhile UK diversification.

Meeting, Great Eastern Hotel, EC, July 17 at noon.

UNIT TRUSTS

Other overseas markets now in favour

MANY Unit Trust groups are still looking overseas for their investment opportunities, but this week's batch of offers shows that they are looking at other markets besides the U.S.

The Crescent Unit Trust Managers feel that investment in Japan should provide good long-term investment potential. They point out that over the last 15 years, Japan has had the fastest rate of growth of the major industrialised countries. Inflation rates are low and the currency is stable—two more bull points for *long term investment.* Investors are offered the newly launched Crescent Tokyo Fund, a fund which has sold over £2m worth of units since its inception on June 12. However, the minimum outlay is pitched rather high at £1,000.

Barclays Unicorn in contrast feels that now is the time to get into the Australian market ahead of the herd. Investment manager, Mr. Bill Hilling has just returned from Australia and a review of his reactions appears on page 7. If investors share his view of the marke or want to cash-in on his ideas, then he can do so with the Barclays Unicorn Australia Trust, which has a minimum outlay of £250.

The unit trust figures for May issued this week indicate that 1978 could be a record year for the industry. Certainly in the first five months, investors have been going heavily into the U.S. market and Arbuthnot Securities still remains enthusiastic over the prospects of this sector. The managers tend to favour the smaller U.S. companies, considering that their growth is not held back by overseas operations. Minimum investment in the Arbuthnot North American and International Fund is £750, or £40 per month on the regular savings plan.

In contrast, Schlesinger Trust Managers has turned to the UK fixed-interest market and is offering its Schlesinger Preference and Gilt Trust. With interest rates at their highest levels this year, the managers feel that this sector can provide a high level of stable income. Because of the current legislation most of the portfolio (80 per cent), will be held in preference shares. The minimum investment is £500, but investors should remember that the income is fixed. But the yield at 12.6 per cent gross is one of the highest available and there are capital growth prospects should interest rates fall.

In the current investment climate, the inexperienced may well find managing a portfolio just too much. So for investors with portfolios worth at least £2,500, the M and G group is offering its Share Exchange Plan enabling investors to switch into units on favourable terms and securing the professional management for their equity holdings.

BIDS AND DEALS

Arbuthnot agrees offer for Lawson

THE BOARDS of Arbuthnot Securities and Lawson Securities yesterday announced that they had reached agreement whereby Arbuthnot will acquire the capital of Lawson Securities. The consideration for the acquisition will be £290,000 cash for the funds under management, plus £31,226 for the net tangible assets of Lawson.

This announcement brings to an end speculation over the sale of Lawson Securities by its founder, Mr. Freddie Lawson. He endeavoured to sell the company in 1975, but the deal was not finalised because of the criticism then aroused. In recent weeks, the rumours of an impending sale have been revived—but not confirmed until yesterday's news.

A subsidiary of the banking group Arbuthnot Latham, Arbuthnot Securities has under the chairmanship of Sir Trevor Dawson, been active in acquiring other unit trust groups in the past few years. It acquired the Jascot group in July, 1975, and the Ionian group last year. Lawson Securities has funds under management in excess of £16m, and this acquisition will bring the total funds of Arbuthnot over the £50m mark. Sir Trevor stated yesterday that this brought to an end the present take-over programme of the group.

The intention is to leave the Lawson funds unchanged for the time being, but some rationalisation would take place in the future. The main fund under management, the Lawson High Yield Fund (worth £12½m) would be taken into the existing Arbuthnot range intact, since it completed the present high income funds.

Mr. Freddie Lawson will be joining the Board of Arbuthnot Securities and its subsidiary Arbuthnot Securities (C.I.). He will be taking on the responsibility for the group's offshore funds.

McAlpine stake in UBM

Sir Robert McAlpine and Sons (CH), a subsidiary of Newarthill, has bought a 6.03 per cent stake worth £1¼m in UBM Group, the builders merchant.

McAlpine has assured UBM that the purchase is a trade investment, not the prelude to a bid, but the stake is expected to be gradually increased.

The Newarthill group has recently been building up a substantial investment portfolio. In the year ending October 31, 1977, its investments rose from £5.6m to £14.1m. The chairman, Mr. Tom Grieve, wrote in his annual report: "The property and investment sector is being further expanded as opportunities present themselves." A 22 per cent stake in County and District Properties was acquired along with a 50 per cent interest in Humberoak Offshore, an offshore engineering company based in Aberdeen.

Despite the increase in investments, the cash inflow at Newarthill was so great that net liquid funds still rose £1.2m in 1976-77 and short term deposits rose to £8.6m. The exceptional profit and cash flow last year was partly due to a final ettlement in respect of North Sea platforms, recouping to some extent the heavy losses suffered on them earlier. Newarthill was also paid substantial claims on other completed contracts.

The 2,895,000 shares McAlpine has bought in UBM are said to have been bought "over a period." McAlpine is not seeking any trading advantage from the stake and indeed the companies only have a small amount of business with each other. In its last financial year, UBM increased its profits by 34 per cent to £3.1m. Its dividend yield at the current market price of 65½p per share is 9.9 per cent.

EXTEL COMPLETES TRANSTEL DEAL

Arrangements have now been completed by the Exchange Telegraph Company (Holdings) and Extel Corporation of America—completely separate and unconnected companies—to establish a joint venture for the manufacture of teleprinters and telecommunications equipment in the UK.

Under the agreement, Exchange Telegraph (Holdings) has acquired 45.05 per cent of the shares in Transtel Communications, the Slough-based subsidiary of Extel Corporation, for £300,000 with the remaining 54.95 per cent being retained by Extel Corporation.

The terms provide for additional amounts of capital to be provided over the next three years by way of share premium by Exchange Telegraph (Holdings) up to a maximum of £400,000. Loans for working costs will be provided by both parties.

LIN PAC CONTAINERS

Lin Pac Containers, of Louth, Lincolnshire, which makes and designs packaging products in paper, metal and plastic, has announced two acquisitions in Scotland and Wales.

Its offer for the capital of The Caldicot Works has been accepted in respect of 97 per cent of that company's capital and has therefore become unconditional.

In addition, Lin Pac has announced the purchase of the capital of Printabox (Scotland).

ALBRIGHT/TENNECO

The Office of Fair Trading yesterday sent to the Prices Secretary its secret recommendation on whether the Tenneco bid for the 50.2 per cent of Albright and Wilson which it does not already own should be referred to the Monopolies Commission. The bid initially provoked some hostility from the unions which made representations to the OFT and the Department of Industry. But the leaders have agreed to the takeover provided they receive certain written assurances from Tenneco which Tenneco has agreed to make and subject to the approval of their members.

BATTLE FOR HENSHALL INTENSIFIES

THE battle between Bovbourne and Petford for control of W. Henshall and Sons (Addlestone) the company which makes galley equipment for aircraft, has intensified.

Yesterday, Henshall and its advisers Braclays Merchant Bank asked for a full hearing of the Takeover Panel "to consider the circumstances surrounding acquisition of control of Henshall by Bovbourne."

The background to this began in May when Bovbourne suddenly announced that it had acquired just over 50 per cent of Henshall's shares. The holding had come largely from Estates Duties Investment Trust (12.3 per cent), Mr. Philip Henshall, a Board member (18.8 per cent) and Mrs. R. V. Henshall, widow of the former chairman (12 per cent).

Bovbourne paid 20p for these stakes and immediately offered minority shareholders the same price.

At this point another bid, this one for 30p, was mounted by Petford, a private company owned by Mr. Joseph Murphy. Henshall's directors favour this bid despite the fact that, as things stood Petford had no chance of ending with control of Henshall unless Bovbourne accepted it. This Bovbourne has declined to do.

Now Henshall's directors have asked the Takeover Panel to waive rule 38 so that they can issue new shares to Mr. Murphy in return for the injection of "certain assets." The effect of this would be to dilute Bovbourne's holding below the critical 50 per cent and so allow Petford's offer a chance of success.

Rule 38 specifically forbids companies which are under offer from issuing new shares during the course of a bid.

The Take-over Panel executive has already refused to consent to a waiver of Rule 38, pointing out that Bovborune did not break any rules in making its offer and that its purchases of the wey stakes were legitimate. Henshall is now taking the matter to the full Panel which will hear the case towards the end of next week.

WETTERN FAMILY REJECTS GLOSSOP

W. and J. Glossop appears to be fighting a losing battle in its attempts to gain control of Wettern Brothers with the Wettern family, directors and Kleinwort Benson Investment Trust holding around 53 per cent of the ordinary shares announcing yesterday that they do not intend to accept Glossop's offer.

Mr. J. H. Wettern, chairman, in a defence document sent to shareholders yesterday said that Glossop's offer of 95p a share for the ordinary shares represented a 28 per cent discount on asset value.

Glossop which is also bidding 85p a share for the preference capital has said that a discount was appropriate because of the low level of profits generated by the assets. The total cost of the offer for preference and ordinary stock would be £1.24m.

Glossop bought 10,000 shares yesterday at 95p.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	—	—	—	—	—	—	
ATT	$60	—	—	—	—	—	—	
ATT	$65	—	—	—	—	4⅛	5	$62⅜
Citicorp	$20	—	—	—	—	1⅞	35	
Citicorp	$25	—	—	1¼	25	—	—	$33⅞
E. Kodak	$40	—	—	—	—	—	—	
E. Kodak	$45	—	—	—	—	—	—	
E. Kodak	$50	—	—	—	—	3⅝	37	
E. Kodak	$60	⅝	5	2⅛	5	—	—	
Exxon	$40	—	—	—	—	—	—	
Exxon	$45	—	—	—	—	—	—	
Exxon	$50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GM	$50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GM	$60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GM	$70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM	$240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM	$260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
IBM	$280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears	$20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sears	$25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene	F330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene	F340	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene	F350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Algemene	F360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro	F70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro	F75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro	F80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM	F160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM	F170	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM	F180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM	F190	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM	F200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM	F220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat Ned	F100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat Ned	F110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat Ned	F120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips	F22.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips	F25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips	F27.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. D. Shell	F130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. D. Shell	F140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. D. Shell	F150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever	F110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever	F120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unilever	F130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

Mr. Remo Dipre, the property man who became chairman and managing director of Trident Group Printers when he bought a quarter share in Trident early in 1974, has made his long expected bid for the remainder. The offer comprises 63p in cash for each of the 3.1m shares he does not already own either directly or through his private company Starwest Investment Holdings. The offer is not certain to succeed because it is meeting opposition from the company's independent directors; the three Trident directors who are also involved in companies which have links with Mr. Dipre's Starwest have withdrawn from the situation. Between them the independent directors control just over 20 per cent of the shares, largely through the 20.2 per cent stake owned by Chirit Investment, itself owned by Mr. A. M. Carey, the deputy chairman.

Mooloya seems to be on the verge of gaining control of Customagic despite the split between the Terry family and other directors. The Terry family, controlling around 26 per cent of the equity, has already accepted the 20p a share bid and Mooloya's current holding is 47 per cent. The bid makes a turnaround in stance for Mooloya who only six months ago supported a deal to put Mr. Michael Ashcroft and his partner Mr. Alan Cloggie on to the Customagic Board to revive the company's fortunes. As part of this deal, the Terry family interests were to resign from the Board.

Cornercroft has rejected Armstrong Equipment's bid on the grounds of inadequacy because it is substantially below the asset value of Cornercroft and ignores the company's potential. The company, however, states that it has no objection in principle to being taken over by Armstrong at a "fair price."

Redland, the UK-based building materials and contracting group, is planning to buy an American roof-fastening manufacturer for $26m (£14m). Announcing the bid, Redland said that an agrement had been reached in principle whereby Redland could make an offer of $12.5 for each share of Automated Building Components of Miami. The Automated Board, which holds around 54 per cent of the equity intends to recommend the bid once the necessary formalities have been completed. The move is seen by Redland as part of their overall plan to establish a stronger presence in the U.S.

Shares of J. B. Eastwood were suspended at 90p on Thursday, following a bid approach from an undisclosed source, while BP Chemicals is negotiating a £20m deal to acquire nearly all the U.S.-based Monsanto group's polystyrene interests in Europe.

James Finlay had made an agreed £7.9m bid for Seaforth Maritime, a private Scottish energy service group. It will then sell 30 per cent to Taylor Woodrow for £2.3m. and grant options to that company on a further 15 per cent.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Carding Group	20*	20	20	4.64	Unigate	30/6
Carlton Inds.	165*	190	170	22.7	Hawker Siddeley	26/6
Cornercroft	65*	71	56	1.62	Armstrong Equipment	—
Customagic	20*	21½	19½	1.05	Mooloya Invs.	—
Fluidrive Eng.	72	78½	55	4.94	Thos. Tilling	—
Harrisons Malaysian Ests.	100§	95	90	121.87	Harrisons Crosfield	—
Henderson (J. W.)	210*	205	155	5.65	Cement-Roadstone	—
Henshall (W.)	20*	25	18	0.50	Bovbourne	—
Henshall (W.)	30*	25	21	0.75	Petford	30/6
Investment Trust Corp.	273	262	255	85.72	Barclays Bank/P.O.P.F.	—
KCA Intl.	29*	26	28	7.7	Mr. T. Ward	—
Lond. Aust. Invs.	150*	137	123	11.29	Colonial Mutual Life	12/7
Lond. & Liverpool Trust	21*	24	19	0.52	Aschheim Secs. & W. & A. SA Zug	—
Marler Estates	25*	27	21	0.88	Blade Invs.	30/6
Miln Masters	200*	197	163	4.23	Hilleshog AB	—
Mitchell Cotts Transport	83§	79	82	1.27	Mitchell Cotts Group	—
Pork Farms	683§§	683	467	22.99	Nthrn. Foods	23/6
RKT Textiles	96*	92	72††	78.64	Robt. Kitchen Taylor	30/6
St. Kitts (London) Sugar	200*	200	170	0.78	Industrial Equity	27/6
Trident Group Printers	63*	68	55	2.76	Starwest Inv.	—
Turner Mfg.	145*	135	124	14.50	Dana Corp.	—
Wettern Bros.	95*	95	58	1.60	W. J. Glossop	—
Wood & Sons	59½	53	48	2.38	Newman Inds.	—
Albright & Wilson	193*§	178	128	115.04	Tenneco	—
Bridgewater Tst.	6.6*	9	7	0.397	Sagest SA	—
Capital & County Laundries	150*	140	97	1.57	Johnson Group Cleaners	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 22/6/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Based on 23/6/78.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Plant	Dec. 31	242‡	(226)§	2.3	(2.3)	0.705	(0.428)
Anderson S'clyde	Mar. 31	3,970	(3,270)	10.5	(7.3)	2.832	(2.536)
Arbuthnot Latham	Mar. 31	1,400	(1,050)	15.0	(12.8)	10.08	(9.111)
Assocd. Television	Mar. 26	13,700	(11,160)	16.8	(14.7)	6.549	(5.422)
Attwood Garages	Jan. 31	89	(67)	1.9	(1.2)	1.43	(1.43)
Avana Group	Apr. 1	2,340	(1,700)	5.5	(4.0)	1.089	(0.975)
Baker Perkins	Mar. 31	8,930	(7,920)	20.5	(19.7)	4.3	(3.884)
Baraoora Tea	Dec. 31	838	(777)	45.5	(68.2)	20.0	(Nil)
Beechwood Const.	Mar. 31	312	(401)	2.5	(3.5)	1.8	(1.8)
Bell & Sime	Apr. 29	121	(196)	14.9	(23.5)	4.818	(4.267)
Bradford Propy.	Apr. 5	4,860	(3,390)	9.2	(7.9)	6.81	(6.144)
British Steam	Mar. 31	2,270	(1,780)	11.5	(8.6)	5.137	(4.6)
Brown & Tawse	Mar. 31	3,330	(3,060)	17.6	(15.7)	4.814	(4.376)
Burnett & H'shire	Mar. 31	3,080	(2,470)	46.1	(24.0)	2.855	(2.575)
Chamb. Phipps	Mar. 31	3,190	(2,100)	8.0	(6.0)	2.139	(1.938)
Control Secs.	Mar. 31	44	(94)L	1.0	(Nil)	0.825	(Nil)
Dawson Intl.	Mar. 31	15,530	(10,374)	39.1	(25.1)	3.722	(3.332)
Durapipe	Mar. 31	1,110	(933)	16.3	(16.9)	4.079	(3.652)
Edbro Holdings	Mar. 31	3,660	(3,610)	44.5	(51.1)	6.315	(5.654)
B. Elliott	Mar. 31	5,603	(4,303)	28.8	(22.5)	5.326	(4.772)
Evans of Leeds	Mar. 31	1,354	(1,118)	4.7	(3.4)	1.297	(1.184)
Hampton Trust	Mar. 31	11L	(94)L	—	(—)	—	(—)
Lilleshall	Dec. 31	130	(28)	6.5	(1.9)	1.75	(1.5)
Lindustries	Apr. 1	6,920	(6,610)	24.7	(23.1)	9.0	(4.45)
F. H. Lloyd	Apr. 1	5,156	(5,793)	11.0	(11.6)	5.312	(4.806)
London Sumatra	Dec. 31	1,340	(1,000)	4.5	(3.3)	4.0	(2.0)
J. Lyons	Mar. 31	6,233	(0,982)	1.4L	(1.8)	2.068	(7.572)
McInerney	Dec. 31	903	(653)	3.2	(2.5)	Nil	(Nil)
Noyapara Tea	Dec. 31	180	(111)	67.1	(109.1)	20.0	(Nil)
Petbow	Mar. 31	3,142	(2,786)	33.8	(31.4)	8.613	(7.776)
Plessey	Mar. 31	42,880	(40,321)	11.6	(11.2)	3.406	(4.9)
Powell Duffryn	Mar. 31	15,010	(13,690)	41.8	(42.1)	10.0	(7.881)
Propy. Ptnrship.	Mar. 31	314	(220)	4.6	(2.8)	1.737	(1.573)
Racal Electronics	Mar. 31	49,830	(33,700)	25.3	(18.0)	3.88	(0.89)
Radiant Metal	Feb. 28	187	(154)	7.5	(5.6)	1.9	(1.727)
Randalls Group	Dec. 31	283L	(715)	—	(12.1)	1.452	(4.634)
Rowlinson Cnstct.	Mar. 31	997	(1,302)	15.9	(19.7)	2.425	(2.206)
Sekers	Mar. 31	316	(231)	3.9	(3.2)	1.514	(1.1)
Shaw & Marvin	Mar. 31	43	(8)L	Nil	(1.3)	Nil	(0.7)
Sheepbridge Eng.	Mar. 31	5,360	(5,840)	7.4	(8.4)	4.25	(3.448)
J. W. Spear	Dec. 31	2,343	(2,268)	33.3	(26.0)	1.872	(1.693)
Sterling Inds.	Mar. 31	933	(606)	2.7	(1.9)	1.269	(1.15)
John Swan	Apr. 30	188	(162)	51.9	(41.9)	21.786	(19.505)
Tesco Stores	Feb. 25	28,560	(30,180)	5.4	(4.8)	1.63	(1.459)
Tebbitt Group	Dec. 31	214L	(25)	4.7L	(0.4)L	Nil	(Nil)
Tunnel Holdings	Mar. 26	6,520	(6,480)	36.7	(28.5)	10.972	(9.859)
Victoria Carpet	Apr. 1	126	(248)	2.6	(4.1)	1.408	(1.408)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
ACE Machinery	Apr. 15	103†	(97)	—	(—)
Allied Breweries	May 6	45,100¶	(39,400)	1.4	(1.25)
Anglia TV	Apr. 30	1,960	(1,300)	2.088	(1.873)
Baker's Stores	Apr. 1	219	(136)	0.297	(0.27)
Crest Nicholson	Apr. 30	1,010	(430)	1.5	(1.0)
J. H. Fenner	Mar. 4	3,641	(3,285)	3.0	(2.75)
Thomas French	Apr. 1	540	(469)	1.2	(1.0)
Greenfield Millets	Apr. 30	326	(316)	0.627	(0.57)
Irish Distillers	Mar. 31	3,223	(2,488)	1.37	(1.11)
Kenning Motor	Mar. 31	2,750	(2,650)	1.73	(1.5)
Arthur Lee	Mar. 31	670	(1,030)	0.44	(0.4)
Lonsdale Univrsl.	Mar. 31	747	(585)	1.67	(1.392)
Lookers	Mar. 31	[illegible]	(607)	0.998	(0.908)
Senfield Gentex.	Mar. 31	74L	(247)L	—	(—)
Trans-Oceanic	Apr. 30	535	(428)	1.3	(1.3)
Vectis Stone	Mar. 31	205	(127)	0.7	(0.6)

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. † For 28 weeks. ‡ For 1 year. § For 13 months. ¶ For 32 weeks throughout.

Rights Issues

Sutcliffe Speakman: One-for-two at 30p each.

Scrip Issues

Anderson Strathclyde: One-for-five.

Petbow Holdings: One-for-one.

Petbow Holdings: One Preference-for-six Ordinary.

GUS insurance venture with Allstate of U.S.

Great Universal Stores and the Allstate Insurance Company, based in America and a wholly-owned subsidiary of Sears Roebuck, have joined forces in the UK in an effort to broaden their respective insurance interests.

A new holding company is to be formed in which both GUS and Allstate will have an equal interest. This company will join up Great Universal's All Counties Insurance Company (authorised to transact ordinary long term life business, marine, aviation and transport, motor vehicle, pecuniary loss and property insurance) with Allstate's UK subsidiary the Federated Insurance Company.

It is intended to develop the existing comprehensive business of the two companies through brokers, the insurance market, mail order catalogues and stores.

TALBEX/WARREN

Talbex has received acceptances of its offer for the ordinary capital of Warren in respect of 1,430,273 ordinary shares (85.82 per cent) and acceptances in respect of its offer for preference shares of Warren of 135,163 4.5 per cent cumulative preference shares (99.93 per cent). Talbex intends to acquire compulsorily the outstanding ordinary and preference shares of Warren. The offers remain open until further notice.

SPOONER/REDMAN

In a letter to shareholders the directors of Spooner Industries and their advisers Hill Samuel and Co. strongly recommend them to take no action in respect of their shareholding and not to sign any form of acceptance and transfer. They consider Redman Heenan's offer to be wholly unacceptable.

ENERGY SERVICES

Energy Services and Electronics has authorised the issue on June 30 of 480,304 new Ordinary shares of 10p each in settlement of £50,000 due to the minority holders in Neve Electronic Holdings on the same date.

CONTROL SECS.

Control Securities, the 60 per cent owned subsidiary of a Swiss investment trust, has sent shareholders a circular giving details of three recent transactions and asking for approval of two of them plus approval of changes to the Articles of Association.

One of the proposed changes to the Articles is that the company should be allowed to pay dividends out of profits realised on the sale of properties.

ASSOCIATES DEALS

Laurence Prust and Co. sold on June 21 and 22 on behalf of associates of Pork Farms 1,277,000 shares (assented to the shares and cash offer from Northern Foods) at 680 9-64p.

Hedderwick Stirling Grumbar and Co., brokers to Newman Industries, bought 10,000 Wood and Sons (Holdings) at 53p on behalf of associates of Newman.

NO PROBES

The Secretary of State for Prices and Consumer Protection has decided not to refer the following proposed mergers to the Monopolies Commission: Hawker Siddeley Group/a 32 per cent interest in Carlton Industries: and Thomas Tilling/the Yale Lock and Hardware Division of Eaton.

Share stakes

Corn Exchange Co.: Industrial Equity and associates now holds a total of 586,300 ordinary shares (21.08 per cent).

Fitzroy Investment Co.: Mr. J. B. Hayes has acquired a further 25,000 shares.

Rentokil Group: Mr. A. Elsass and Mr. P. L. Burgin are two of the trustees of the Anker-Petersen Will Trust, which has for some years held 9 per cent of the Rentokil capital. The trustees have just covered 426,150 shares in Rentokil to one of the beneficiaries under the Trust. As a result of that transfer Rentokil is not a close company for tax purposes.

Rembia Rubber Co.: Kepang Investments beneficially hold 208,000 5p stock units (5.4 per cent).

Allied Plant Group: Stancliffe Todd and Hodgson have bought 100,000 ordinary shares on behalf of South Yorkshire Superannuation Fund, bringing their holding to 666,666 (6.66 per cent) ordinary shares.

"W" Ribbons Holdings: Mr. D. R. Oakley, a director has sold 12,500 ordinary shares.

Selection Trust: Mr. A Chester Beatty, a director, has sold 25,000 ordinary shares.

Brent Walker: Company has been advised of the disposal of 502,500 ordinary shares (7.17 per cent) belonging to the estate of Mr. D. Nossel (deceased).

Brixton Estate: Mr. D. S. Morpeth has acquired 3,000 ordinary shares.

Francis Industries: Mr. D. M. Saunders, a director, has sold 20,000 ordinary shares and thereby reduced his holding to 100,000 shares.

Crossley Building Products—Clydesdale Bank (head office) nominees now holds 350,000 ordinary shares (5.19 per cent).

British Printing Corporation—London and Manchester Assoc. Co. with two of its subsidiaries, Welfare Ins. Co. and Shortlan nominees, now holds 58,500 4.2 per cent "B" preference shares (approx. 8 per cent).

London Brick Company: Mr. M. D. Wright, a director, has exercised an option under company's share option scheme and as a result 36,000 shares of 25p each fully paid were allotted at par for cash on June 20, 1978. The shares have been converted into 36,000 ordinary stock units of 25p each.

Provincial Laundries: A director, Mr. J. I. Goldring, has notified the company that his non-beneficial interest in the shares held by Linnet Consultants and their associates has been reduced by the sale of 10,533 shares. Mr. Goldring is left with a non-beneficial interest in the 10 shares still held by Linnet.

Automotive Products: The Emmott Foundation has purchased a further 115,000 ordinary shares. Three of the directors of the foundation, Messrs. J. B. Emmott, M. Keeble and E. O. Barratt are also directors of Automotive. Mr. E. G. Barratt has purchased a further 1,000 ordinary shares.

House Property Company of London: Lynsol has acquired 226,000 ordinary shares.

Charter Trust and Agency: Following the recent conversion of part of the 4½ per cent C.U.L.S. 1990/95 Prudential Assurance holds 2,855,452 ordinary stock units of 25p (5.21 per cent).

Francis Industries: West City Securities have sold 40,000 ordinary shares reducing its holding to 750,418 shares (10.24 per cent).

Somportex Holdings: Mr. Sydney Waissel has bought 35,000 shares (5 per cent).

Best and May: Imperial Group has notified the company that its interest is made up of 200,000 ordinary shares owned by the ITC Pension Trust and 100,000 ordinary shares owned by Courage Employees' Pension Fund.

Lazard Brothers Sterling Reserve Fund: Mr. A. Elliott, Mr. C. H. Kershaw and Mr. M. H. Elliott hold 450,000 shares (16.36 per cent).

Weir Group: Mr. S. L. Finch, a director, has sold 10,000 ordinary shares and is now interested in 10,000 ordinary shares beneficially.

Horace Cory and Co.: Britannic Assurance Company is now interested in 658,750 ordinary shares (7.16 per cent).

Temple Bar Investment Trust: London and Manchester Assurance Company is interested in £403,583 of the company's ordinary stock.

Regional Properties: Mr. N. S. Conrad has disposed of 90,000 "A" ordinary shares.

Benlox Holdings: Mr. I. C. Tickler, a director, has beneficially acquired 23,000 shares making a total holding of 29,407 shares (2.6 per cent).

Allied Insulators: ITC Pension Trust and ITC Pension Investments jointly hold 528,571 ordinary shares (3.42 per cent).

Black and Edgington: Mr. D. C. Black's non-beneficial interest through his wife as a trustee has been reduced by 84,500 ordinary shares and 1,440 preference shares.

Sale Tilney and Co.: Mr. P. H. R. Gwyn and his wife, Mrs. Sam Gwyn, have sold 25,000 ordinary shares and now hold 93,450 shares (4.09 per cent).

East Midland Allied Press: Mr. R. P. Winfrey, a director, has disposed of 7,500 "A" ordinary shares. Throgmorton Trust holds 468,438 (6.66 per cent) shares.

Grovebell Group: Sonesta Investment Company has purchased 5,000 preference shares on May 8, 5,000 ordinary sares on June 1, and 440 preference shares on June 7. The group now holds 244,505 ordinary shares and 41,723 preference shares.

Mears Brothers Holdings: J. S. Bloor has acquired 560,000 shares (8 per cent).

WORLD STOCK MARKETS

Wall Street dips another 4.68

INVESTMENT DOLLAR PREMIUM

$2.60 to £—111% (111%)

Effective $1.8490 (50%). (49½%)

LOWER LEVELS developed on Wall Street yesterday, following renewed weakness in the dollar and continuing concern about the course of interest rates over the near term.

The Dow Jones Industrial Average lost 4.68 to 823.02, making a loss of 13.95 on the wek. The NYSE All Common Index, at $53.90, shed 17 cents on the day and 90 cents on the week, while declines led gains by 745 to 695. Trading volume expanded 1.37m shares to 28.53m.

Though Citibank held its prime rate at 8¾ per cent, analysts expect a further rise soon. And yesterday's report of a $1.1bn fall in U.S. Money Supply was not enough to quell fears of further monetary tightening by the Fed.

A and P dropped $⅝ to $7 on a first quarter loss and dividend omitted.

Computer and Semiconductor issues were under pressure. **IBM** fell $3⅛ to $262¼, **Teledyne** $10 to $102¼, **Digital Equipment** $1⅜ to $46¼, and **Honeywell** $1⅞ to $55¼. **National Semiconductor** shed $1 to $24¼ despite higher fourth quarter earnings.

Leeds and Northrup climbed $3⅞ to $37½—General Signal is holding talks to acquire Leeds following Cutler-Hammer's sale of 1.3m Leeds shares to General Signal for $52.1m.

Gaming stocks again drew speculative interest. **Ramada Inns**, the volume leader, rose $⅝ to $9½, **Metro-Goldwyn-Mayer** $1¾ to $40¼ and **Harrah's** $⅞ to $29⅜, but **Caesars World** dropped $1 to $27⅞ and **Bally Manufacturing** lost $⅞ to $38.

The American SE Market Value Index added 0.09 at 147.27, reducing its loss on the week to 2.89. Volume 4.43m (3.22m) shares.

Resorts International "A" jumped $7⅞ to $83¼ and the "B" $11 to $90. **International Systems and Controls** picked up $2¼ to $26⅜ and **Loews Warrants** $¼ to $16½.

Pemcor rose $¼ to $29½—**Esmark** agreed to buy its shares for $32.50 each.

CANADA — A mixed trend prevailed in active trading yesterday, when the Toronto Composite Index shed 0.4 to 1128.5, with declines in nine of its 14 component groups. Real Estate, up more than 20 points, posted the largest index gain.

Douglas Leaseholds rose 60 cents to $4.85—Royal Trust said it agreed to sell its shares in Douglas to Chalet Oil for $5.34 a share.

Texaco Canada moved up $¾ to $39½—it reported a West Pembina oil find.

PARIS—Mixed, despite first day of new accounting which usually sees a firmer trend.

Banks slightly higher, Motors, Steels and Oils firmer but Foods and Electricals irregular.

Michelin fell FFr 28 to 1355 on lower 1977 consolidated net profit. **Thomson CSF** gained FFr 5.40 to 256 on sharply higher 1977 consolidated net profit.

GERMANY—Mostly firmer on trader's position closing leading to scarce offerings.

Motors and Engineerings firmed.

Public Authority Bonds lost up to 50 pfennigs, while Regulating Authorities bought a nominal $80.7m of stock. Mark Foreign Loans eased further.

JOHANNESBURG—Gold shares narrowly mixed in moderate trading. Mining Financials higher.

Industrials also narrowly mixed.

AUSTRALIA—Mixed in fairly quiet trading.

The Tea and Coffee Group **Bushells** rose $A1.35 to $A4 and **White Industries** 7 cents to 1.72.

Pancontinental fell 45 cents to $A13.55 and **Central Pacific** 30 cents to 5.20.

HONG KONG—Slightly weaker in sharply reduced volume.

TOKYO — Slightly lower in quite trading. Volume 270m (280m) shares.

Many shares rose slightly in early trading, anticipating Cabinet Economic Ministers would decide on new reflationary measures, but closed mixed following an uncertain outlook on the Tokyo Foreign Exchange Market.

SWITZERLAND — Steady in quiet dealings. Market apparently did not react to survey by Swiss Trade and Industry Association showing economic indicators currently pointing downwards.

Dollar stocks firmed slightly in fairly active turnover. Dutch Internationals little changed, Germans quietly steady.

AMSTERDAM—Mixed in thin trading.

Volker and Stevin each closed at Fl 136.00, Fl 8 and Fl 1 higher respectively, after requotation.

State Loans steady.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Ramada Inns	713,800	8¾	+⅛
Allegheny Airlines	670,600	10⅛	+2⅛
Playboy Enterprises	325,200	24⅛	+4⅛
Squibb	312,700	33⅛	+⅞
Harrah's	300,800	28⅛	+4⅛
Howard Johnson	293,400	14⅛	+1⅛
Hercules	276,900	13	—
Amer. Home Prdcts.	245,800	28⅛	−⅛
Del E. Webb	235,900	29⅛	+1⅛
Sony	234,000	8⅛	+⅛

Indices

NEW YORK—DOW JONES

	June 23	June 22	June 21	June 20	June 19	June 16	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrials	823.02	827.70	824.93	830.04	838.62	836.97	866.51	742.12	1051.70	41.22
H'me Bnds	88.59	87.65	88.61	88.02	88.15	87.90	[illegible]	87.60	[illegible]	[illegible]
Transport	219.61	220.05	216.88	221.17	222.24	222.34	231.55	199.31	279.88	13.23
Utilities	104.88	104.60	104.26	104.26	104.87	105.18	110.98	102.84	163.32	10.58
Trading vol. 000's	28,530	27,160	25,100	27,720	28,600	27,600	—	—	—	—

Basis of index changed from August 24

	June 16	June 9	June 2	Year ago (approx.)
Ind. div. yield %	5.58	5.45	5.50	4.79

STANDARD AND POORS

	June 23	June 22	June 21	June 20	June 19	June 16	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
‡Industrials	105.80	106.41	105.15	106.65	107.78	107.64	110.35 (6/6)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	98.85	99.24	99.01	98.51	97.49	97.42	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	June 22	June 14	June 7	Year ago (approx.)
Ind. div. yield %	5.07	4.90	4.86	4.37
Ind. P/E Ratio	9.11	9.44	9.51	10.22
Long Govt. Bond yield	8.52	8.44	8.46	7.57

N.Y.S.E. ALL COMMON

June 23	June 22	June 21	June 20	1978 High	1978 Low
53.90	54.07	53.81	54.22	56.20 (6/6)	48.37 (6/3)

Rises and Falls

	June 23	June 22	June 21
Issues traded	1,880	1,852	1,871
Rises	695	747	346
Falls	745	653	1,151
Unchanged	440	452	374
New Highs	31	21	174
New Lows	41	42	885

F.T. CROSSWORD PUZZLE No. 3,701

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....

ACROSS

1 Improve truck (4, 2)
4 Fixers taken to Wales initially by fishermen (8)
10 China making pensioners feel at home (7)
11 Person staggering into dog (7)
12 Look out for goods for sale (4)
13 Herald receives the sovereign of members (4, 2, 4)
15 He's afraid to take care of protected child (6)
16 Dotty characters for readers out of sight (7)
20 Two extras at Lords may be heard soon (2, 3, 2)
21 Mother left with animal (6)
24 Unsentimental firm was in the lead (4-6)
26 South American ruler found in the main capable (4)
28 Went with own alterations to a development area (3, 4)
29 Female has a revolutionary cut (7)
30 Loving music to be calm without publicity (8)
31 Tradesman calling doctor copycat (6)

DOWN

1 Papers in novel form (8)
2 Tidy jump over a road (5, 4)
3 Bear up with major or minor (4)
5 Symbolic story with everybody oriental covered in blood (8)
6 Office assistant made to miss a day (4, 6)
7 Anaesthetic confounded there (5)
8 Anxiety over way sappers go on board (6)
9 Herb or some other boy (5)
14 Music making cornucopia across the Channel (6, 4)
17 Sweet to see fruit fall from tree (5, 4)
18 Got into a bed awkwardly (8)
19 Love rowing club to grow shrub? (8)
22 This mare is on foot (6)
23 First person southern Surrey finds untidy (5)
25 Stern-looking sportsman (5)
27 Back Foster (4)

SOLUTION TO PUZZLE
No. 3,700

SOLUTION AND WINNERS OF PUZZLE No. 3,695

Following are the winners of last Saturday's prize puzzle:

Mrs. S. Craven, 5 Town View, Kendal, Cumbria, LA9 4QL.

Mr. J. R. East, 55 Elmbridge, Harlow, Essex.

Mr. W. A. Thomas, Gwytherlea, Robeston Wathen, Narberth, Dyfed.

RACING BY DOMINIC WIGAN

Wind of Change has weight advantage

IN SPITE of the absence of Rheinford, Nativity Singapore Star from today's Fenwolf Stakes at Ascot, the race could well be an exciting spectacle with Steel Trade, unbeaten in two races, and Ireland's Wind of Change both strongly fancied.

Steel Trade, a chestnut Great Nephew colt trained by Paul Cole, who often has a good priced winner at Ascot, opened his account the favourite in a 13 runner maiden event at Wolverhampton.

He followed that success by making all the running to beat Dafydd by a length at Bath, and the manner of his victory clearly encouraged his connections to have a tilt at today's far tougher race.

The Michael Kauntze trained Wind Of Change, a bay daughter of Windjammer, has run well on both her starts.

Judged by her last effort this filly is on the upgrade and it seems more than possible that she will take advantage of the 9lb she receives from her Lambourn opponent.

If there is to be a turn up, I would expect it to be the Queen's newcomer, Contralto. This chestnut filly by that outstanding Eclipse Stakes winner of a few years back, Busted out of Lyrical, is trained by William Hastings-Bass, the handler of the Queen Mary winner, Greenland Park.

Hastings-Bass has another interesting runner on this Heath card when he saddles Lady Lindsay in the afternoon's most valuable event, the Fortnum and Mason Stakes.

Lady Lindsay is improving fast and if she is allowed to bowl along in front from the outset she may well prove the blot on the handicap of bottom weight of 7 st 7 lb.

Vincent O'Brien and Lester Piggott had a quiet Royal Ascot by their own standards and many may decide to oppose Noble Quillo in the Churchill Stakes, won a year ago by stable mate Transworld.

Although Noble Quillo, a $200,000 yearling purchase may not be a world beater he did enough when landing the odds laid on him by 15 lengths at Leopardstown last time out, to suggest that he will come through successfully.

ASCOT

2.00—Matinale
2.30—Wind of Change**
3.00—Lady Lindsay*
3.35—Noble Quillo***
4.10—Allotria
4.40—Native Celt

AYR

1.30—Hopton
2.00—Hulda
3.00—Miss Friendly

REDCAR

2.30—King Pearl
4.50—Blessed Montana.

SINGAPORE

June 23	$	June 23	$
Industrials		**Industrials**	
Boustead Co.	2.04xr	Straits Trad'g	7.15
Boustead Bhd	2.58	Times Pub. Berhad	3.22xd
Dunlop	4.16	U. Engineers	1.70
Kam...	3.24xd	U. O's Bk...	5.20
Fraser Neave	6.35	Wearne	3.30xd
Haw Par	1.24	Tractor	4.56xd
Hume Ind.	1.85	Chemical	4.28xd
Inchcape	2.15xd	Wilm Jacks.	1.40
Jardine	2.75	**Rubbers**	
Malay Brew.	6.70	Batu Lintang	1.86
Malay Cent.	—	Dunlop Estate	5.92
Mal. Tobacco	—	Kempas	3.60xd
Met. Bx Sing	2.84		
Ov'sChin.Bk	8.70		
Pan Electric	1.93	**Tins**	
Robinson Co.	†2.38	Austral. Am.	†5.25
Rothman	†4.0	Berjuntai	†8.30
Shell	‡2.39	Kamper	†3.30
Sime Darby	2.54	Kuchai	—
Cold Storage	2.33	Lower Perak	2.40
StraitsSteam	2.38xd	Petaling Tin	6.50xd
Straits Times (1975) Ltd.	7.10xd	SupremeCp.	‡2.34
		Tongkah Har.	‡2.72xd

SPAIN

June 23	Per cent	
Asland	122	+2
Banco Bilbao	297	+4
Banco Atlantico (1,000)	236	—
Banco Central	300	—
Banco Exterior	264	—
Banco General	282	—
Banco Granada (1,000)	154	—
Banco Hispano	218	—
Banco Ind. Cat. (1,000)	180xd	—
B. Ind. Mediterraneo	209	—
Banco Popular	224	+2
Iberduero	86 (?)	+0.75
Olarra	113	+1
Papeleras Reunidas	71	−1
Petroliber	122	—
Petroleos	200	−1
Sarrio Papalera	57	+0.50
Sniace	50	—
Sogefisa	130	—
Telefonica	87xd	—
Torras Hostench	97	+1
Tubacex	103.50	−0.50
Union Elec.	69.50	−0.50

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Australian Mobil not happy with results

By James Forth

SYDNEY, June 23.

MOBIL OIL AUSTRALIA lifted its operating profit by A$4.3m to A$21.7m (US$24.9m) in 1977 but described the result as disappointing, since earnings before tax actually dipped.

The improvement resulted from a lower tax provision and foreign exchange gains. Net profit after extraordinary items rose from A$7.4m to A$19.5m, reflecting Mobil's exchange losses of A$10m in 1976, following the November 1976 devaluation of the Australian dollar.

The chairman of Mobil, Mr. J. Leslie, said the results were disappointing, despite an increase in sales volume and retention of market share in major products.

"The profit result is clearly inadequate when measured against capital employed of approximately A$300m on an historical cost basis," he said.

"Cash flow from profits, depreciation and other non-cash provisions in 1977 were insufficient to fund ongoing capital expenditure and an increase in working capital requirements of A$31m," he added.

As in 1976, Mobil paid a dividend of A$5m to its U.S. parent, which was only the second dividend since 1952.

The Mobil result was announced only one day after the Shell group reported a profit increase of only 3.6 per cent.

Chalet Oil offer

TORONTO gasoline distributor, Chalet Oil, plans to buy the shares of Douglas Leaseholds already owned by Canadian residents, writes Robert Gibben from Montreal. Royal Trust, Canada's largest trust company, owns nearly 80 per cent of the Douglas Leaseholds shares. It will tender its shareholdings. The offer price is expected to be $6.34 a share conditional on 90 per cent acceptance.

CdF Chimie discloses worst ever performance

BY DAVID CURRY

PARIS, June 23.

OVER-CAPACITY in European petrochemical plants, particularly in the thermo-plastics area, last year took its toll of the results of one of France's leading chemical groups, CdF Chimie.

The depressed level of prices because of what the company calls "unregulated competition in European markets" and the economic sluggishness in France coupled with price controls left the company with the worst results since its foundation.

While consolidated business volume had been rising by an average of 20 per cent annually until late 1976, last year the group could only manage a 5.1 per cent increase to some FFr 4.8bn ($1.05bn) with the parent company managing only a 4.2 per cent increase to FFr 3.135bn.

The company turned in a net operating loss of FFr 144.7m (FFr 6m profit in 1976) and the group of FFr 188.8m in 1977 compared with a FFr 13m loss the previous year. Group cash flow fell catastrophically from FFr 231m to FFr 62m at which level it represented only 1.3 per cent of sales. After five profitable years the profit and loss account for 1977 shows a FFr 46.2m shortfall for the company and a FFr 70.8m group deficit compared with respectively FFr 10m and FFr 23m profits the previous year.

The Board has decided to impose all-round austerity measures in response to the deteriorating profit situation. In the first few months of this year losses were running at three times last year's levels.

All investments outlined in the triennial plans have been postponed with the exception of those for which considerable commitments have been made: notably the Dunkirk ethylene and polythylene projects and the Carling operation for acrylates and petroleum resins. The main project affected by the decision is the planned investment by Chemische Werke Saar-Lothringen for a 60,000 tonnes a year polypropylene plant.

All recruitment has been halted and the group will have to cut jobs.

The group sees prospects for 1978 and 1979 as "sombre" and does not place much faith in the chances of a Brussels agreement to regulate the market on the lines of measures already taken for coal and more recently chemical fibres.

The group blames the Government for having contributed to its losses by failing to allow prices of fertiliser to rise to match higher gas prices imposed in the autumn of 1977 and January of 1978. Thus fertilisers were unable (as in previous years) to compensate for the heavy losses in plastics. The price drop for low density polyethylene and polystyrene products alone, representing some 37 per cent of CdF Chimie sales and 24 per cent of group sales, translated into a loss of profit of more than FFr 140m in relation to the prices in effect in September 1976.

Banks explain Boussac move

PARIS, June 23.

CREDIT LYONNAIS and Banque Nationale de Paris, the main creditor banks of the failing Boussac textile group, have publicly expained why they have declined to give further assistance to the group.

In a communique the banks say that responsibility for the current situation "is not and never has been that of the banks but is a result of accumulated errors of management as well as successive insufficient or inappropriate recovery plans."

They affirmed that they had allowed the group to maintain large overdrafts over many years, and had made loans of FFr 185m guaranteed by the founder's personal assets.
AP-DJ

Growth at Spanish bank

BY DAVID GARDNER

BARCELONA, June 23.

THE Banco Industrial de Cataluna (BIC), the industrial banking arm of the Catalana group of banking interests, turned in a profit of Pta 875m ($11.1m) for 1977, a rise of 9.5 per cent.

Deposits are 16 per cent higher at Pta 49.3bn and capital and reserves have risen to Pta 6.5bn from Pta 5.75bn in 1976. BIC will be paying the maximum 6 per cent dividend allowed to banks by law.

BIC's parent, Banca Catalana group, is the largest concentration of Catalan banking interests and ninth in the national ranking. It has 22 of the group's 222 branches, with investments worth over Pta 60bn by the end of last month.

The bank's rate of investment has recently grown at an average of 22 per cent per annum, with over 60 per cent of its credits channelled towards small and medium-sized industries.

Scandinavian Bank lifts capital

BY MARY CAMPBELL

SCANDINAVIAN Bank Group—the London-based consortium bank which is owned by banks from several Scandinavian countries—has increased its capital resources by some £16m to £61m in two operations recently. In one, last month, it raised DM 20m on the D-mark capital market.

It has also recently completed arrangements for a $20m subordinated loan to one of its subsidiaries. The dollar loan, which has a final maturity of ten years, was placed with a banking syndicate headed by Abu Dhabi Investment Company.

Siemens buys Osram minority

By Adrian Dicks

BONN, June 23.

SIEMENS, the major West German electrical concern, has now gained full control of Osram, the world's fourth biggest lamp manufacturer, after acquiring the 21.45 per cent minority share held in the company by General Electric of the U.S. Financial details of the deal were not, however, announced.

Siemens gained effective control of Osram two and a half years ago, when it added to its existing stake the 36 per cent previously owned by AEG-Telefunken. Before that deal went through, General Electric had shown interest in buying the AEG-Telefunken shares, but was discouraged from pressing its offer by the West German cartel authorities.

In a joint statement by the two companies today, General Electric was stated to have decided that retention of its minority stake was "not consistent with its world-wide strategy" for the lamp industry, in which the U.S. company is already the world's largest producer. The statement also stressed that co-operation between General Electric and Osram would continue.

Industry sources here speculated today that the American company's decision may have been partly brought about by concern that the U.S. anti-trust authorities might frown upon the world's largest lamp manufacturer continuing to hold a big stake in the fourth largest.

Since taking over management of Osram, Siemens has succeeded in improving its results considerably. Last year, Osram earned a DM 33m ($15.8m) profit, compared to a DM 44m loss.

French Esso disappoints

PARIS, June 23.

ESSO SAF reports that this year's results are turning out no better than the "disappointing" figures of 1977. Shareholders were told that although the company was able to raise its dividend for 1977, the net price of oil-based products has not been high enough to improve returns on capital.

The company, which is a subsidiary of Exxon of the U.S., and is paying a FFr 7.35 dividend for 1977 against FFr 5.595 in 1976, saw net profits fall to Fr 48m last year.

U.S. NEWS

New problem for accounting body

BY STEWART FLEMING

NEW YORK, June 23.

THE American Institute of Certified Public Accountants (AICPA), under pressure from the Securities and Exchange Commission, is examining whether or not to try and extend its "peer review" system to overseas affiliates of U.S. accounting firms.

The "peer review" system recently established by the AICPA, the country's main accounting body, requires that every three years accountancy firms which have SEC registered corporations as their clients, must allow outside auditors to scrutinise the internal workings of the firm.

The proposal to try and extend the system overseas, however, is raising complex technical and legal issues. These include juridicial issues as to whether the SEC and the American Institute have the authority to extend the peer review system abroad, given the independence of the foreign accounting partnerships and the fact that in several countries, including for example Britain, accountants have their own independent professional bodies.

Another difficulty is that in some overseas countries, secrecy laws make it difficult or impossible for unauthorised outsiders to scrutinise the inner workings of accounting firms, especially where client confidentiality is involved.

A & P $10m loss

BY DAVID LASCELLES

NEW YORK, June 23.

THE Great Atlantic and Pacific Tea Company (A and P), formerly the largest U.S. supermarket chain but now in deep trouble, reported a loss today of $9.9m in the first quarter of this year compared to a profit of $5.4m in the same period last year.

Sales during the three months were $1.81bn against $1.78bn last year, and the number of stores operated by the company was pared back by a further 88 to 1,872.

A and P is in the middle of a five-year revival programme which its senior executives have admitted has not produced the desired results as soon as hoped, despite massive cutbacks and store modernisation. However, these latest results were worsened by an accounting regulation requiring the company to include a charge of $1.3m to reflect the effect of the capitalisation of all capital leases.

● Reuter adds: Directors of A and P voted to take no action on the quarterly dividend. The group last declared a five cent dividend on April 13.

Pet-IC agreement

ST. LOUIS, June 23.

PET INCORPORATED and IC Industries have agreed on merger conditions and dropped all lawsuits involved in the previously announced tender offer from IC for Pet's common stock.

The companies have agreed that a tender offer cannot begin until July 17 and that the price will be increased to $55 a share from $54 a share.

Pet agreed not to oppose or interfere with the tender. Pet's management will remain with the new group, IC Industries said.

A statement from IC added that it and Pet will request Hardee's Food Systems to immediately begin joint discussions concerning a combination with Hardee's.

Previously, Pet and Tardee's had reached a merger agreement.

IC said if Hardee's agrees, then IC and Pet will begin negotiations for a partially tax-free exchange of IC equity securities and cash for Pet stock.

IC said it would not begin its tender off before July 17 or sooner than 22 days before a Pet shareholder meeting or before any third party announced offer for Pet.

Meanwhile, in Rocky Mount, Hardee's Food Systems declined to comment on the delay in the opening of its stock on the NYSE and said it would have an announcement later.
Agencies

Japanese retailer issues dollar bond

By Our Own Correspondent

NEW YORK, June 23.

FOR THE first time in recent years a private Japanese company has issued dollar denominated non-convertible securities in the U.S. bond market without some form of Japanese guarantee or collateral.

The issue by a Japanese retailing firm, Ito-Yokado, was described by Mr. Roy C. Smith, a partner with Goldman Sachs, the lead managers, as a landmark in Japanese financing today. He suggested that the policy decisions by the Japanese authorities which lie behind the issue could lead to further unsecured borrowings abroad of this sort. It is possible also that the giant U.S. retailing chain Sears Roebuck could provoke a parallel breakthrough in the Japanese bond market by undertaking an unsecured issue in that country.

Traditionally, Japanese companies have not been permitted to make unsecured debt issues abroad but have had to back them either with collateral or bank guarantees.

Those Japanese debt issues that are unsecured have been convertible.

The package put together for Ito-Yokado includes $20m of unsecured five year notes which have been priced to yield 9.25 per cent and are unsecured, but carry an A rating from Standard and Poors and $50m of convertible securities.

The convertible is also A-rated. Both issues are in the public market and registered with the Securities and Exchange Commission.

Co-managers to the issue were Nomura Securities and J. Henry Schroder Wagg and Co.

Globe, Johnson extension

MILWAUKEE, June 23.

GLOBE-UNION has been advised by Johnson Controls that at Johnson's request UV Industries had extended to June 30 from June 28, the date on which UV Industries' option to Johnson Controls to buy 1m shares of Globe-Union would expire.

Globe-Union said it has been in active discussions with Johnson on its offer to acquire Globe-Union.
Agencies

COMMODITIES/Review of the week

Zambian copper still blocked

BY OUR COMMODITIES STAFF

THE BACKLOG of Zambian copper awaiting shipment has reached 130,000 tonnes and must be cleared "as a matter of utmost urgency," the Minister of Finance, Mr. John Mwanakatwe, said yesterday, writes our correspondent in Lusaka.

However, the Minister stressed that reopening of the southern route through Rhodesia "is out until Zimbabwe is free."

The copper, worth more than £91m., is held up at the 51 per cent Government-owned Roan Consolidated Mines (RCM) and Nchanga Consolidated Copper Mines, intransit and at the Tanzanian port of Dar Es Salaam.

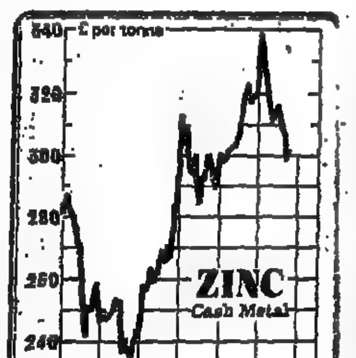
The main causes are inadequate handling facilities at Dar es Salaam, which handles 90 per cent of Zambia's trade, a shortage of trucks on the Tanzania-Zambia railway (Tazara) and a slow turnround of the trucks once they reach Zambia.

The level of Zambian imports held up at Dar es Salaam has remained between 70,000-90,000 tonnes for the past eight months.

Repeated efforts by the two governments to clear the backlog have been unsuccessful so far. Greater use is now being made of the Mozambique ports of Nacala and Beira, but shipping sources are pessimistic

Nacala has only four berths and handles Malawi's exports. Beira is inefficient, and there is a shortage of trucks on the road link between Zambia and the Mozambique railhead of Moatise.

Prices of copper rose on the London Metal Exchange yesterday, mainly on the expectation of an 8,000 to 9,000-tonne reduction in warehouse stocks. A steady opening on Comex in New York also helped keep prices up in the afternoon.



Three months wirebars were £7 a tonne up on the day at £720.25, an increase which reduced the loss on the week to £13 a tonne. Cash wirebars closed at £700.75 for a fall of £11.50 over the week.

Cash cathodes lost £11 on the week, ending at £696.50. Three months were down £12.50 at £716.

In Brussels the EEC Commission said it would oppose any attempts to form a "crisis cartel" to help support the depressed zinc market, and called for a united stand from the Nine at the meeting of the International Study Group for Lead and Zinc booked for Vienna in July.

On the LME cash zinc lost 11 a tonne on the week, closing at £301.75 a tonne last night. Three months metal, gaining £2.50 a tonne on the day, was £11.50 a tonne down at £311.25.

Cocoa prices fell sharply on the London futures market yesterday with the September position closing £29.5 down on the day at £1,783 a tonne. But September cocoa still ended £121.25 higher on the week.

Cocoa started the week on an easier note in response to news that the Ivory Coast had lifted this year's crop estimate to 300,000 tonnes from 260,000. This compares with recent London trade projections of a 290,000 tonnes Ivory Coast crop.

However, growing fears of a technical squeeze on the New York market quickly reversed the trend and nearby prices were nearly £70 higher by Monday's close. This factor continued to encourage buyers on Tuesday but values suffered a sharp setback on Wednesday as producer countries began offering supplies to the market.

Prices recovered again on Thursday, however, when reports that a serious oil shortage in Ghana could delay cocoa shipments encouraged speculative buying.

Dealers attributed yesterday's fall mainly to pre-weekend profit-taking.

Sugar prices fell early in the week when Cuba announced an 800,000 tonnes rise to 7.3m tonnes in its 1978 crop forecast.

The news helped to bring the London daily price, which had risen £1 to £98 on Monday morning, down to £95 a tonne, where it remained for the rest of the week.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Wheat [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ Unquoted. * Nominal. φ Madagascar.

MARKET REPORTS

BASE METALS

COPPER—Steadier on the London Metal Exchange after recent falls. Forward metal moved between £717 and £720 before settling above £720, helped by expectations of a stocks decline. [illegible]

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	120.00-20.2	+0.23	121.30-20.00
October	122.10-22.2	+0.15	123.00-21.70
December	121.90-22.2	+1.85	122.00-21.80
February	122.50-25.8	+1.45	—
April	123.50-25.0	+1.25	—
[illegible]	[illegible]	[illegible]	[illegible]

COCOA

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SUGAR

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

SILVER

[illegible]

VEGETABLE OILS

[illegible]

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 23: GB cattle 71.17p per kg. l.w. (−1.45); UK sheep 147.7p per kg. est. d.c.w. (−10.3); GB pigs 62.3p per kg. l.w. (+1.3). England and Wales—Cattle numbers up 10.4 per cent, average price 71.07p (−1.03); Sheep down 3.0 per cent, average price 147.8p (−10.3); Pigs down 15.1 per cent, average price 62.3p (+1.3). Scotland—Cattle numbers down 12.3 per [illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Metals and cocoa ease; coffee falls

NEW YORK, June 23.

COPPER rallied on Commission House short covering and trade arbitrage buying. Precious metals eased on light speculative liquidative and pre-weekend book squaring. Sugar closed on a steady note following renewed industrial price fixing. Cocoa eased on renewed trade hedge selling and coffee closed sharply lower on good weather in Brazil.

Cocoa—July 147.20 (140.20), Sept. 141.05 (143.90), Dec. 136.95, March 132.70, May 131.45, July 129.50, Sept. nil. Sales: 666.

Coffee—"C" Contract: July 160.90 (169.75), Sept. 145.60-148.08 (149.58), Dec. 134.50-135.00, March 125.55, May 122.75 asked, July 118.00-119.00, Sept. 117.60-118.00. Sales: 376.

Copper—June 59.30 (58.70), July 59.40 (58.80), Aug. 60.10, Sept. 60.70, Dec. 62.40, Jan. 63.00, March 64.00, May 65.00, July 66.00, Sept. 67.00, Dec. 68.50, Jan. 69.00, March 70.00. Sales: 4,650.

Cotton—No. 2: July 59.05-59.10 (59.90), Oct. 61.95-61.65 (62.41), Dec. 62.55-63.60, March 64.60, May 65.25-65.75, July 66.00 bid, Oct. 65.25 bid, Dec. 64.75 bid. Sales: 5,050 bales.

*Gold—June 185.50 (189.40), July 188.10 (196.70), Aug. 187.40, Oct. 190.40, Dec. 193.40, Feb. 196.40, April 199.50, June 202.60, Aug. 205.70, Oct. 208.90, Dec. 211.90, Feb. 215.00, April 218.10. Sales: 4,495.

†Lard—Chicago loose not available NY prime steam 24.00 traded (24.00 nom.).

‡Maize—July 257½-258 (259½), Sept. 255½-259 (260½), Dec 261½-262½, March 265½-265½, May 272, July 272½.

§Platinum—July 242.00-242.50 (244.50), Oct 244.50-245.20 (247.20), Jan 247.00, Apr. 249.50, July 252.40-252.70, Oct. 254.90-255.10, Jan. 257.70-257.90. Sales: 850.

*Silver—June 530.70 (531.40), July 531.60 (532.40), Aug. 535.50, Sept 539.00, Dec. 550.80, Jan 554.80, March 563.10, May 571.50, July 580.70, Sept. 589.60, Dec. 603.50, Jan. 609.20, March 617.80. Sales: 5,900.

Soyabeans—July 677-651 (658½), Aug. 669-670 (671½), Sept 633-654, Nov. 636-634½, Jan 639-640, March 646, May 650, July 659.

Soyabean Oil—July 25.50-25.60 (25.43), Aug. 25.00-24.95 (24.67), Sept. 24.35-24.50, Oct. 24.00-23.95, Dec. 23.35-23.35, Jan. 23.00-23.05, March 22.90-22.95, May 22.60-22.90, July 22.65-22.60.

||Soyabean Meal — July 173.10-173.50 (176.20), Aug. 173.70-174.20 (175.90), Sept. 174.00-174.50, Oct. 172.50-172.70, Dec. 170.50-171.00, Jan. 170.50-170.70, March 172.50, May 172.50, July 174.00-174.50.

Sugar—No. 11: July 6.92 (6.92), Sept. 7.08-7.09 (7.05), Oct. 7.22, Jan. 7.65-7.75, March 7.95-7.96, May 8.14-8.16, July 8.35-8.40, Sept. 8.60-8.63, Oct. 8.73-8.75. Sales: 1,875.

Tin—555.75-570.00 nom. (550.00-564.00 asked).

**Wheat—July 321½-321½ (322½), Sept. 323½-323½ (325), Dec. 329½-330½, March 335, May 326, July 318 asked.

WINNIPEG, June 23. ††Rye—July 108.00 bid (108.70 bid), Oct. 105.50 (105.70 bid), Nov. 105.90 nom., Dec. 104.60 asked.

††Oats—July 76.50 (77.00 bid), Oct. 74.50 bid (75.00 asked), Dec. 73.00 bid, March 73.00 bid.

‡‡Barley—July 74.50 (75.10 bid), Oct. 75.10-75.30 (75.10 bid), Dec. 74.50, Mar. 74.90 asked.

§§Flaxseed—July 234.40 bid (233.00 bid), Oct. 237.90 (227.90), Nov. 236.50 asked, Dec. 232.50 asked.

**Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 163.44 (163.61).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounces—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse. 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. * Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 34 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

BRITISH FUNDS (616)

This week's SE dealings

Friday, June 23	4,436	Wednesday, June 21	5,057	Monday, June 19	4,480
Thursday, June 22	4,898	Tuesday, June 20	4,771	Friday, June 16	4,241

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. Φ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Mc—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

SHORT DATED BONDS FREE OF STAMP DUTY

PUBLIC BOARDS (33) FREE OF STAMP DUTY

COMMONWEALTH GOVTS. (8) REGISTERED AND INSCRIBED STOCKS

COMMONWEALTH CORPS. (—)

South Africa (Rep.) 9½pc 94½ (19/6)

FOREIGN STOCKS (—) COUPONS PAYABLE IN LONDON

Bahia (State of) 5pcFunding Bonds 1915 (Plan A—Int. now 1¾pc) 80 (21/6)

INTERNATIONAL BANK (1) FREE OF STAMP DUTY

5pc stk. 1977-82 83½Φ

CORPORATIONS (80) FREE OF STAMP DUTY

FOREIGN CORPS. (2)

UK (RAILWAYS (1)

FOREIGN RAILWAYS (—)

BANKS (181)

BREWERIES (135)

CANALS AND DOCKS (5)

COMMERCIAL (2,443)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

'End royal link,' RSPCA urged

BY JAMES McDONALD

A CALL was made for the withdrawal of royal patronage from the Royal Society for the Prevention of Cruelty to Animals at its annual meeting yesterday. The society is united in its antagonism to blood sports.

A woman member made the suggestion but there was no immediate support from the council of the society. The royal patrons are: The Queen: Queen Elizabeth, the Queen Mother: and Princess Alice, Countess of Athlone.

Mr. Richard Ryder, the RSPCA chairman, urged members to canvass MPs in advance of a general election on these important issues.

First was a call for a ban on the importation of 30,000 seal skins from Canada each year into the UK, so avoiding partial responsibility for the slaughter of baby seals in Canada. Second a ban was called for on the "cruel and unnecessary export trade in live food animals." The third necessity was the introduction of mandatory dog wardens.

Mr. Ryder said: "The RSPCA is heartily sick of its role as the nation's destroyer of unwanted dogs. If dogs cause pollution and traffic hazards—then it is up to the Government and not the RSPCA to remedy matters.

"We are in business to help animals, not to help humans by killing animals. I am fed up with the wholesale destruction of healthy but unwanted animals and I have had enough of governments expecting the RSPCA to use its charitable funds to do the nation's dirty work for it.

"We have just set up an inquiry into the whole question of whether the RSPCA should ever destroy a healthy but unwanted animal."

About 50 per cent. of the dogs in Britain were unlicensed, Mr. Ryder said. At the cost of a slight increase in the licence fee, mandatory dog wardens would be charged with catching irresponsible owners and ensuring that they respected their duties towards their dogs and towards society. Wardens would encourage neutering and demand to see licences.

The importation of sperm whale oil was another problem which the RSPCA was fighting, he said.

GLC to sell 1,000th home

THE Greater London Council's policy of selling council homes to sitting tenants reaches another landmark on Monday when Mr. George Tremlett, leader of the Council's housing policy committee, hands over the deeds of a house to the 1,000th tenant to buy since the scheme was reintroduced in May last year.

Mr. Tremlett said: "We reached the 500th sale by April 27 and now we have sold another 500 homes in only two months.

"Our target is to sell 10,000 homes to tenants by next spring to enable all those GLC tenants who want to buy their own homes to do so before we transfer our estates to the borough councils."

Motor cycle noise rules on the way

Financial Times Reporter

NEW regulations on motorcycle exhaust levels may be in force by the autumn. Negotiations on a new EEC directive are advanced, and once they are completed the UK would quickly fall into line.

The more stringent limits would reduce by two to four decibels the acceptable level in the five categories of motorcycle capable of more than 31.25 mph (50 kph). Mopeds are excluded from the new regulations as the EEC has so far failed to agree on changed standards.

Many motorcycles already conform to the probable new noise levels and the Department of Transport said yesterday that the UK motorcycle industry would have no problem meeting the regulations.

The announcement about timing of the regulations followed correspondence between Mr. Roderick MacFarquhar, Labour MP for Belper and Mr. John Horam, Transport Under-Secretary.

Mr. MacFarquhar said that many of his constituents had complained of excessive noise from Japanese machines and of interference to television reception.

Mr. Horam told him that poor maintenance could lead to malfunction, but the original design and construction of the machines was regulated to include the necessary controls.

More than 100 different Japanese models had been tested and approved. Some owners subsequently altered the suppression devices in the belief that this might improve performance he said.

APPOINTMENTS

Chairman for Fulmer

Sir Ieuan Maddock has been elected a director, and appointed chairman, of the FULMER RESEARCH INSTITUTE in succession to Sir James Taylor. Sir Ieuan retired as chief scientist, Department of Industry, in May of last year, and is currently secretary of the British Association for the Advancement of Science.

★

Mr. Peter H. Lewin has been appointed an executive director of SAMUEL PROPERTIES.

★

Elected to the council of the WINE AND SPIRIT ASSOCIATION for the year 1978-79 are Mr. J. H. Balls, Mr. A. I. Campbell, Mr. W. Kelly, Mr. S. D. Kershaw, and Mr. V. Larvan. The following have been co-opted to the council for the year: Mr. G. R. Lounsback, Mr. R. Laurence, Mr. J. F. Plowman, Mr. H. K. Porter and Mr. M. S. Thomson.

★

Mr. Strone Macpherson has been appointed to the Board of ROBERT FLEMING AND CO., bankers.

★

Mr. Robert Maxwell has been elected chairman of ABERDEEN UNIVERSITY PRESS in succession to Mr. George F. Collie, following Pergamon Press's acquisition of AUP earlier this year. Mr. Collie is now president of the company. Two directors of Pergamon Press have joined the Board of AUP, Mr. A. J. Wheaton as deputy chairman and Mr. H. A. Stephens as company secretary. To assist Mr. Harold Watt, managing director, with Pergamon's plans for the modernisation and development of AUP, Mr. Michael Yorke becomes deputy managing director (printing), from July.

★

Mr. Colin Spence has been appointed chief surveyor, area survey organisation, GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION, with effect from July 1. He succeeds Mr. R. A. Laker, who retires on June 30.

★

Mr. W. Murday, who has been director and general manager of Dowty Mining Equipment's factory at Hucknall, Notts., since June 1977, has been appointed managing director of DOWTY HUCKNALL.

★

Mr. B. M. P. Thompson-McCausland and Mr. F. C. Saville have been appointed deputy chairmen of ARBUTHNOT LATHAM AND CO., merchant bankers.

★

With effect from July 1, Mr. P. J. Custis, director of finance, Guest Keen and Nettlefolds, has been appointed a director of NEW COURT PROPERTY FUND MANAGERS, management company of the pension fund property unit trust sponsored by N. M. Rothschild Asset Management.

★

The Secretary of State for Education and Science has appointed Mr. R. L. Leonard, assistant editor of the Economist, as chairman of the LIBRARY ADVISORY COUNCIL (England) for a period of three years from July 1. He succeeds Mr. Geoffrey Caston.

★

Mr. Donald Routh is to be regional director, West Midlands Region, Departments of the Environment and Transport, and chairman of the WEST MIDLANDS ECONOMIC PLANNING BOARD in Birmingham from September 4. Mr. Routh is at present head of the London Planning Division in the Department's headquarters in London. He succeeds Miss Susan Fogarty who is leaving the Midlands on August 18, and who will be taking up a post in the Department's headquarters in the autumn.

★

Mr. R. V. Thompson has resigned from the main Board of BARRATT DEVELOPMENTS, but continues as managing director of the wholly owned subsidiary, Barratt Developments (Northern). The main Board now consists of either subsidiary chairman or full-time executive directors.

★

For personal reasons, Mr. T. F. Lebentz has resigned from the Board of A. COHEN AND CO.

★

Mr. Ray Lacey, county treasurer of Mid-Glamorgan County Council, has been appointed president of the CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY.

W—Y—Z

T—U—V

INVESTMENT TRUSTS (209)

ELECTRIC LIGHT (1)

FINANCIAL TRUSTS (69)

GAS (7)

INSURANCE (160)

MINES

Australian (21)

Miscellaneous (63)

Rhodesian (5)

South African (23)

West African (1)

Diamond (30)

OIL (169)

PROPERTY (115)

RUBBER (20)

TEA (7)

TRAMWAYS (1)

SHIPPING (38)

WATERWORKS (9)

Bristol Waterworks 3.5pcPf. 35 (20 6) East Surrey 9pcPf. 105 (19/6) Essex Water 7pcPf. (£10 pd) 11½ 9pc Pf. 1981 103 (20/6) Folkestone and District 9pcPf. 103 10pcDb. 86 (21/6) Hartlepool Water 4.025pc (6½pc) Pf. 71 (19/6) Lee Valley Water 6½pcDb. 69 (22/6) Mid Kent Water 10pcPf. 103 (20 6). 7pc Db. 50 (22 6) Mid Southern 9pcPf. 100½ (22/6) Mid Sussex 15pcDb. 104 (21 6) Newcastle 4.2pcPf. 90½ 90 (21 6). 9pc Pf. 105 10pcPf. 105 (21/6) North Surrey Water 4pcDb. 27 (20 6). 7½pcDb. 60 (22 6) Sunderland S. Shields 7pcDb. 65 (20 6) West Hampshire 5pcDb 27 (22 6) West Kent 12½pcDb. 1986 25½ 5 (19 6) York Waterworks 9pcPf. 104

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

JUNE 23 (10)

Bulgarian 5pcGoldLn 1902 £80. 4½pc GoldBds. 1907 £80. 4½pcGoldBds. 1909 £71 50 Nikolaef (City of) 5pcGoldBds. 1912 £4 Saratoff (City of) 5pcLn. 1909 £4

JUNE 22 (Nil)

JUNE 21 (2)

Barton Sons 6pcPf. 43p

JUNE 20 (Nil)

JUNE 19 (Nil)

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an overseas Stock Exchange.

JUNE 23

Afrikander Leases 220 Anglo Utd. 182 5 8 98 200 184 204 185 205 13 10 22 Australian Oil Gas 45 6 Avon Prods US$ 50 BP Canada £10 Block (H. R.) £17 Bougainville Copper 113 14 Brit. Columbia Telephone £11 CSR 274 Exxon Cap £37 Hooker Cpn. 64 Hutchison Wampoa 107 8 Jardine Matheson 278 5 Jardine Secs. 136 Mid East Minerals 35 Mnt. Lyell 29 Northern Mng. 76 80 Offshore Oil 5 Oil and Mineral 30 Oil Search 9 Pahang Cons. 66 Pancontinental £12 Peko Wallsend 484 2 Preston Mines £11 Swire Pac A 141 Swire Props 84 Thiess Hldgs. 244 Wheelock Marden A 55 Whim Creek 55 Woodside Pets. 68 79

JUNE 22

American Tel. and Tel. US$ 60. Do. 4pc 1983 £71 Ampol Pets. 73 Australian Cons. Inds. 148 Berjuntai Tin 265 Boral US$ 2.53 Bow Valley £20 Desre US$ 31 Hong Kong Electric 105 Hong Kong Land 165 4 4 8 ICI Aust 203 Kulim Malaysia 51 Mitchell Energy and Dev. £17 New Metal 4 Oakbridge Secs. 158 Safeway £33 Tai Cheung Props. 34 US$ 0.40 Thiess Hldgs. 240 Tongkah Harbour Tin 86 Waltons 91 Westfield Minerals 95 8 Wheelock Marden 8 4 Woolworth (F. W.) £15

JUNE 21

Ampol Ex. 116 Assd. Manganese £17 BH South 107 Barymin Ex. 55 Brown Foreman A £21 Central Pac. Mins 56 50 Cheung Kong 154 Ciba Geigy 8pcCnv. £90 E. African Brew. 84 5 Electrolux B Rts. 6 Endeavour Resources 18 Haw Par 44 Hong Kong Kowloon Wharf 375 Jones (David) 114 Lend Lease Cpn. 151 Lone Star Inds. £15 Macmillan Inc. 94 Madison Fund £11 Maitland (C. H.) £12 Ocean Resources 21 Paul Y Construction 53 Pioneer Concrete 144 Procter and Gamble £70 Selangor Prop 56 73 Siemens US$ 138 Simpson Stores 385 San Hung Kai Props. 127 Timor Oil 6 Trans Canada Pipe Line £12 Utah Mng. 415 Westmex 5 Windsor Ind. Cpn. 58

JUNE 20

Beach Pets. 45 Brick and Pipe 128 Bridge Oil 91 3 Consd. Gold Fields Australia 305 Conzinc Rio Tinto Australia 225 Hitachi 100 Myers Emporium 162 2 New Zealand Forest Prods. 158. Do 6½pcCum Pf. 38 Nicholas Intnl. 76 Pac. Copper 38 Paul Yy Construction 48 Raytheon £39 Republic Steel £19 Schaeffer (F. and M.) 370 Selangor Coconuts 95 4

JUNE 19

Apex Mines 775 Coles (G. J.) 184 Emerson Electric £29 Hill 50 Gold 5 Husky Oil £36 Jennings Inds. 115 Johnson and Johnson £66 Metal Ex. 27 Petrofina £90 Protea Hldgs. 74 Rio Algom £24 Scudder Duovest 662 50 TriContinental £18 Unilever N-V (Fl20) £44 West Coast Transmission 315 Woolworth Hldgs. A 216

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

JUNE 23

All England Lawn Tennis Ground £50Dbs. 1976-80 £2200 £2100 Cedar Hldgs. 10.25pcDb. 1981-86 £65 Drilling Tools North Sea 8 400 Forestry Pulp Paper (A$ 1) 19 GRA Prop. Tst 14 14 13 13 Gadek (Indonesia) 48 4 Mining Inv. Cpn 35 35 34 Manunakula Tea Estate 5 Nationwide Leisure New 7 New Court Natural Resources 12 11 NMW Computers 162 Romford FC 10 Wynnstay Props. 320

JUNE 22

Aston Villa FC £16 Cambridge Instrument 11 1 Castletown Brewery 3½pc1stMtg.Db. £30 Cedar Hldgs 13 Clairmace 34 Clucas Laundry (1946) 270 Clyde Petroleum 122 20 Dalkeith (Ceylon) Hldgs. 9 Darling Fund 157 4 Du Bois 10 Grampian Television 40 Grendon Trust 11pcSub.Uns Ln. 1976-81 £53 Island Garages 15 Jennings Brothers 70 Mid-Southern Water 4pcPrp Db £27 Nationwide Leisure New Ord 7 7 6 PMPA Insurance 35 Queen St. Warehouse (Hldgs.) 3 3 Urogate Inv. 76 76

JUNE 21

Ann Street Brewery 51 Arbour Court Invs. 11 Blyth Greene Jourdain 185 Dart Valley Light Railway 30 Doloswella Hldgs. 26 4 Ferranti 340 Isle of Man Railway £10 Jersey New Waterworks 3½pcCum.3rdPf. (£5) 130 The Londonderry Gaslight Cons Ord 40 Mid-Kent Water 3pcPrp.Db £19 Mining Investment Cpn. 34 33 33 Negeem Tea 5pcCum Pf. 2 Norton Villiers 2 Oldham Estates 125 Viking Oil 130 Wadworth 300

JUNE 20

Aran Energy 115 11 Channel Hotels and Props. 20 Cramp Horn 290 Deltenne (Hldgs.) 8 Exchem Hldgs. Stk Units (50p) 25 Fuller Smith and Turner A 285 Gen Ceylon Hldgs 6 Grampian Television 40 38 Le Riches Stores 530

JUNE 19

Cunninghams and T. W. Thwaites 4pc1st Mtg Perp Db. £31 Eldridge Pope A 178 Jersey Electricity 3½pcCum.Non-part.Pf. (£1) 25 Jersey Electricity 5pcCum.Part.Pf. (£1) 48 Le Riches Stores 5pcPf (£1) 35 Wynnstay Props 325

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

JUNE 22

Siebens Oil and Gas (U.K.) 338 4 3 2 0 28

JUNE 21

Siebens Oil and Gas (U.K.) 330 28 4

JUNE 20

CCP North Sea Associates 825 Siebens Oil and Gas (U.K.) 334 0 28 6 6 4 0

JUNE 19

CCP North Sea Associates 825 Cluff Oil 812 Siebens Oil and Gas (U.K.) 337 40 4 8 50 2 3 6

JUNE 16

CCP North Sea Associates (£1) 825 Siebens Oil and Gas (UK) (£1) 324 30 4 6 8 40 4 6 8 50

ERRATA

Cluff Oil Ord. 812 should have been 813 (19 6)

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barking (01-592 4500)	10¾	½-year	1,000	4-6
Barking (01-592 4500)	11¼	½-year	5,000	4-6
Barnsley Metro. (0226 203232)	11	½-year	250	5-7
Knowsley (051 5486555)	11¼	½-year	1,000	5-7
Poole (02013 5151)	10¾	½-year	500	5
Poole (02013 5151)	11¼	½-year	500	6-7
Redbridge (01-478 3020)	11¼	½-year	200	5-7
Sefton Met. BC (051 922 4040)	11½	½-year	2,000	5-7
Thurrock (0375 5122)	11½	½-year	300	4
Thurrock (0375 5122)	11¾	½-year	300	5-8

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares
Abbey National	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Alliance†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% 1 yr.
Anglia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Birmingham	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Bradford and Bingley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Bristol and West	5.25%	5.50%	6.75%	—
Bristol Economic†	6.45%	6.70%	7.95%	6.95% 3 months' notice
Britannia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Burnley†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Cardiff†	6.45%	7.25%	8.25%	—
Catholic	5.00%	●5.60%	6.75%	— ● 5.80% over £5,000
Chelsea†	6.45%	6.70%	7.95%	7.45% min. £500 6 months' notice
Cheltenham & Gloucester†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs. (£500-£15,000)
Citizens Regency	6.45%	7.05%	8.25%	8.30% 3 yrs., min. £5,000
City of London†	6.70%	7.00%	7.95%	7.92% 3 yrs., minimum
Coventry Economic†	6.45%	6.70%	7.95%	7.70% 3 yrs. min., 3 months' notice
Coventry Provident	5.25%	5.50%	7.50%	6.75% 3 yrs.
Derbyshire†	6.45%	6.70%	7.20%	— up to 7.2%, 3 months' notice
Gateway†	6.45%	6.70%	7.95%	7.70% 3yrs., 7.20% 2yrs., min.£500-£15,000
Guardian†	6.45%	6.95%	7.20%	7.65% 3 months' notice, £1,000 min.
Halifax†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Hastings and Thanet	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 1½ yrs., £250-£15,000
Heart of England	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 3 months' notice
Hearts of Oak & Enfield	6.45%	6.95%	8.45%	7.95% 3 yrs., 7.70% 2 yrs., 7.45% 1 yr.
Hendon	6.70%	—	—	7.70% 6 months, 7.20% 1 month
Huddersfield & Bradford†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs.
Leamington Spa†	6.55%	6.80%	7.55%	8.95% 3 yrs., 8.25% 1 yr., 7.17% monthly
Leeds Permanent	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £1,000
Leicester†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., 6.95% ½-yrly.
Liverpool†	6.45%	6.70%	8.15%	7.80% 3 yrs., 7.30% 2 yrs., min. £1,000
London Goldhawk†	6.45%	6.95%	8.20%	—
Melton Mowbray†	6.55%	6.80%	7.95%	7.55% 2 yrs., min. £2,000
Midshires†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £250
Mornington	5.20%	6.20%	—	—
National Counties†	6.70%	7.00%	8.00%	7.45% 3 months, min. £1,000
Nationwide†	6.45%	6.70%	7.95%	7.70% 3-4 yrs., 7.20% 2 yrs., min. £500
Newcastle Permanent	5.00%	5.50%	6.80%	6.80% 3 yrs., 6.50% 2 yrs.
New Cross	7.25%	7.50%	—	—
Northern Rock†	6.45%	6.70%	7.95%	7.70% 3 yrs., 7.20% 2 yrs., min. £100
Norwich	5.25%	5.50%	7.00%	6.25% 2 yrs., minimum £500
Paisley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Peckham Mutual†	6.75%	7.25%	—	—
Portman	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 3 mths.
Principality Buildg. Society	6.45%	6.70%	7.95%	7.20% 2 yrs., minimum £500
Progressive†	6.70%	6.95%	7.95%	7.95% 3yrs., 7.70% 2yrs., 7.45% 3mths.not.
Property Owners†	6.45%	7.20%	8.45%	7.65% 3 mths. not., 5.75% to limtd. cos.
Provincial	5.25%	5.50%	6.75%	6.50% 3-4 yrs., 6.00% 2 yrs.
Skipton	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Sussex Mutual	5.55%	5.80%	7.05%	6.85% 3 yrs., 6.55% 2 yrs., 6.25% 1 yr.
Town and Country†	6.45%	6.70%	♣10.00%	7.70% 3 yrs., 7.20% 2 yrs. ♣ Max. £250
Woolwich†	6.45%	6.70%	7.95%	7.20% 2 yrs., 7.70% 3 yrs.

* Rates normally variable in line with changes in ordinary share rates. † Effective from July 1, 1978.

Currency, Money and Gold Markets

UK MONEY MARKET

Rise in bill rate

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The Treasury bill rate rose by 0.1108 per cent to 9.2346 per cent at yesterday's tender and the minimum accepted bid was £97.68 against £97.71½ last week. Bids at that level were met as to about 97 per cent. The £300m bills tendered and allotted attracted bids of £617.97m and all bills offered were allotted. Next week £300m will be on offer replacing maturities of £600m.

Day-to-day credit was again in short supply in the London money market and, as it turned out, the shortage was much larger than expected. The authorities gave assistance by buying a moderate amount of Treasury bills all direct from the houses and a small number of local authority bills. Total assistance was large and very probably overdone.

The market was faced with a fairly large net take-up of Treasury bills and a similar increase in the note circulation. This was in addition to the repayment of Thursday's moderate loans. On the other hand, banks brought forward balances above target and Government disbursements exceeded revenue transfers to the Exchequer although not by as great an amount as had been previously expected.

EXCHANGES AND GOLD

Activity in yesterday's foreign exchange market was at a generally low level, the one exception being the Japanese yen. Further demand for the yen prompted central bank intervention in several centres in support of the U.S. dollar. The latter was seen at Y200.40 at one point but plunged to a record low of Y200.30 before closing at Y207¼ from Y211.00 on Thursday. The dollar's trade weighted depreciation on Morgan Guaranty figures at noon in New York fell to 6.8 per cent from 8.3 per cent previously. On a similar basis, the yen's appreciation improved to 41.5 per cent against 39.2 per cent.

The dollar's weakness was shown in other currencies, with the Swiss franc improving to SwFr 1.8650 from SwFr 1.880 while the West German mark rose in dollar terms to DM 2.0762½ against DM 2.0885.

Sterling also improved against the dollar in very quiet trading although a little commercial demand helped boost the rate. After opening at $1.8420-1.8430, the pound touched $1.8490-1.8500 at one point before closing at $1.8485-1.8495, a rise of 1.1c. Against other major currencies it showed little change and the Bank of England's calculation of sterling's trade weighted index was unchanged at 61.4, having stood at 61.3 at noon and in early dealings.

Gold traded in generally quiet and featureless trading to close $1 an ounce higher at $185¾-186¼.

THE POUND SPOT

June 23	Bank rate %	Day's spread	Close
U.S. $	7	1.8420-1.8500	1.8485-1.8495
Canadian $	8½	2.0675-2.0800	2.0770-2.0785
Guilder	4	4.11-4.14	4.11½-4.12½
Belgian Fr.	5½	60.20-60.50	60.22-60.32
Danish Kr.	8	10.37½-10.42	10.40½-10.41½
D-Mark	3	3.83-3.85	3.84-3.84½
Port. Esc.	18	84.00-85.00	84.35-84.95
Span. Pes.	8	145.35-146.05	145.75-145.95
Lira	11½	1,577-1,586	1,583½-1,585
Norwgn. Kr.	7	9.94-10.01½	10.00½-10.01½
French Fr.	9½	8.41-8.45	8.42½-8.43½
Swedish Kr.	7	8.45-8.50	8.48½-8.49½
Yen	3½	380-390	382½-384½
Austria Sch.	5½	27.65-27.80	27.60-27.70
Swiss Fr.	1	3.43½-3.47	3.44½-3.45½

Belgian rate is for convertible francs. Financial francs 60.40-60.60

OTHER MARKETS

	£	$		£ Note Rate
Argentina Peso	1,456-1,460	787.46-789.62	Austria	27½-28.0
Australia Dollar	1.6039-1.6199	0.8708-0.8784	Belgium	60-61½
Finland Markka	7.88-7.89½	4.2710-4.2730	Denmark	10.30-10.45
Brazil Cruzeiro	32.56-33.66	17.62-18.16	France	8.40-8.50
Greece Drachma	67.706-69.378	36.62-37.62	Germany	3.80-3.85
Hong Kong Dollar	8.56½-8.59	4.6500-4.6520	Italy	1560-1590
Iran Rial	126-132	68.16-71.40	Japan	385-395
Kuwait Dinar (KD)	0.500-0.510	0.2704-0.2756	Netherlands	4.05-4.15
Luxembourg Frnc	60.22-60.32	32.58-32.60	Norway	9.85-10.00
Malaysia Dollar	4.37-4.38½	2.3755-2.3765	Portugal	80-84
New Zealand Dollar	1.7925-1.8104	0.9731-0.9817	Spain	143-148
Saudi Arabia Riyal	6.31-6.41	3.41-3.47	Switzerland	3.40-3.50
Singapore Dollar	4.28-4.300	2.3225-2.3235	United States	1.84-1.86
South African Rand	1.5938-1.6106	0.8620-0.8710	Yugoslavia	34-36

Rate given for Argentina is free rate.

GOLD

	June 23	June 22
Gold Bullion (a fine ounce)		
Close	$185¾-186¼	$184¾-185¼
Opening	$185-185½	$185-185½
Morning fixing	$185.20 (£100.674)	$185.55 (£100.466)
Afternoon fixing	$185.56 (£100.556)	$185.30 (£100.245)
Gold Coins domestically		
Krugerrand	$192½-194½ (£104½-105½)	$191-193 (£103½-104½)
New Sovereigns	$54½-56½ (£29½-30½)	$54½-56½ (£29½-30½)
Old Sovereigns	$55-57 (£29½-30½)	$55-57 (£30-31)
Gold Coins internationally		
Krugerrand	$190½-192½ (£103½-104½)	$190½-192½ (£103½-104½)
New Sovereigns	$53-55 (£29-29½)	$53-55 (£29-29½)
Old Sovereigns	$55-57 (£29½-30½)	$55-57 (£30-31)
$20 Eagles	$276½-278½	$275½-278½
$10 Eagles	$155½-159½	$156-159
$5 Eagles	$99½-102½	$99-102

LONDON MONEY RATES

June 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9½-10	—	—	—	10	9-9½	—	—	—
2 days notice	—	—	9¾-10	—	—	—	—	—	—	—
7 days	—	—	—	—	—	10¼	—	—	—	—
7 days notice	—	9¾-10¼	9⅞-10	—	10¼-10⅜	—	9½-9¾	—	—	—
One month	10-9⅞	9⅞-10⅛	9⅞-10	9¾-10¼	10⅛-10⅜	10¼	9½	9⅝-9¾	9⅞-9¹⁵⁄₁₆	10¼
Two months	10-9⅞	9⅞-10⅛	—	9¾-10⅛	10⅛-10⅜	—	9½	9¾-9⅞	9⅞-9¹⁵⁄₁₆	10¼
Three months	10-9⅞	9⅞-10⅛	9⅞	9½-9⅞	10⅜	10⅜	9½	9⅞-9⅞	9⅞-9¹⁵⁄₁₆	10⅜
Six months	10⅛-10	10-10⅛	9⅞-10	9¾-9⅞	10⅛-10⅜	—	—	—	9¾-9⅞	10⅜
Nine months	10⅜-10¼	10⅛-10⅜	—	9½-10	10⅜	—	—	—	—	—
One year	10¼-10⅛	10¼-10⅜	9⅞-10⅜	9¾-10⅛	10⅜	—	—	—	—	—
Two years	—	—	10½-10¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11¾-12 per cent; five years 12¼-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9¹⁵⁄₁₆ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9⅝-9½ per cent; two-month 9½-9³⁄₁₆ per cent; and three-month 9⅝-9½ per cent. Approximate selling rate for one-month bank bills 9¹³⁄₁₆-9¾ per cent; and two-month 9¹³⁄₁₆ per cent; and three-month 9¹³⁄₁₆-9¹¹⁄₁₆ per cent. One-month trade bills 10½ per cent; two-month 10½ per cent; and also three-months 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 9½ per cent from June 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6½-7 per cent. **Clearing Bank Base Rates** for lending 10 per cent. **Treasury Bills:** Average tender rates of discount 9.2346 per cent.

CURRENCY RATES

June 22	Special Drawing Rights	European Unit of Account
Sterling	0.667674	0.669461
U.S. dollar	1.23236	1.23653
Canadian dollar	1.38487	1.39081
Austrian schilling	18.4590	18.5097
Belgian franc	40.3423	40.4622
Danish krone	6.95025	6.97184
Deutsche Mark	2.56534	2.57300
Guilder	2.75483	2.76[illegible]
French franc	5.64342	5.65997
Lira	1056.25	1059.39
Yen	259.394	260.400
Norwegian krone	6.65375	6.67693
Peseta	97.4268	97.6876
Swedish krona	5.66561	5.68250
Swiss franc	2.30730	2.33239

EURO-CURRENCY INTEREST RATES*

June 23	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10-10½	7¼-8¼	7⅝-7⅞	4-4¼	⅛-½	3[illegible]	7½-8¼	10-14	—	6½-8½
7 days' notice	10¼-10¾	7¼-8¼	7⅞-8⅛	4-4¼	1⅝-1⅞	3⅜-3⅝	8½-8¾	10½-11½	8[illegible]	3[illegible]-4[illegible]
Month	10⅞-11⅜	7⅝-8	8[illegible]	4⅛-4⅜	1⅛-1¼	3⅜-3⅝	9⅜-9⅞	12-13	8⅛-8¼	5[illegible]
Three months	11⅝-12	8¼-8½	8[illegible]	4½-4¾	1½-1⅝	3⅜-3⅝	9⅞-10⅛	12½-13½	8⅜-8¾	3[illegible]
Six months	12⅛-12½	8½-8⅞	8[illegible]-9[illegible]	5-5¼	1⅞-2	3½-3⅝	10⅜-10⅝	13-14	9-9⅛	3¾-4[illegible]
One year	12⅛-12½	8¾-9⅛	9[illegible]	5⅝-5⅞	2⅛-2¼	3[illegible]	11⅛-11⅝	13¾-14¾	9⅛-9¼	4[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent; three months 8.30-8.40 per cent; six months 8.65-8.75 per cent; one year 8.95-9.05.

Long-term Eurodollar deposits: two years 9¼-9½ per cent; three years 9½-9¾ per cent; four years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; five years 9½-9¾ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 23/6/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.◊	Cheap(+) Dear(−)◊ Current
Alcan Aluminium 9pc Cv. 89-94	9.05	155.00	100.0	76-80	5.8	3.1						
Associated Paper 9½pc Cv. 85-90	1.40	114.00	200.0	76-79	8.3	6.9	−0.9	−10 to 0	5.1	4.5	−0.5	+ 0.3
Bank of Ireland 10pc Cv. 91-96	8.22	173.00	47.6	77-79	5.8	3.2	−3.1	− 8 to −2	10.8	9.4	−0.8	+ 2.3
British Land 12pc Cv. 2002	7.71	133.00	333.3	80-97	9.1	8.8	28.7	17 to 30	0.0	92.5	89.5	+60.8
English Property 6½pc Cv. 98-03	8.84	93.00	234.0	76-79	7.1	7.2	−3.1	−11 to 11	8.3	3.1	−5.4	− 2.3
English Property 12pc Cv. 00-05	15.31	88.00	150.0	76-84	13.9	14.0	43.1	24 to 102	30.4	48.5	29.4	−13.7
Hanson Trust 6½pc Cv. 88-93	4.51	81.00	57.1	76-80	8.2	9.0	6.6	1 to 11	8.2	9.0	1.0	− 5.6
Hewden-Stuart 7pc Cv. 1995	0.07	270.00	470.4	75-79	2.6		−14.3	−18 to −7	9.2	8.7	−0.8	+13.6
Pentos 15pc Cv. 1985	1.06	148.00	166.7	76-82	10.6	7.7	2.1	−5 to 36	42.5	49.5	4.8	+ 2.8
Slough Estates 10pc Cv. 87-90	5.50	160.00	125.0	78-87	6.2	2.5	12.3	7 to 14	36.5	52.9	11.5	− 0.8
Tozer, Kemsley 8pc Cv. 1981	7.33	96.00	153.9	74-79	8.4	9.8	13.4	3 to 25	7.2	7.5	0.3	−13.1
Wilkinson Match 10pc Cv. 83-98	11.10	89.00	40.0	76-83	11.2	11.4	37.3	29 to 40	27.5	37.0	14.6	−22.7

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◊ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

STOCK EXCHANGE REPORT

Stags again sell long tap ahead of Tuesday's £30 call

Gilts down ¾ but small rally in equities—John Brown good

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

LEADING EQUITIES staged a small technical rally as the Account drew to a close yesterday, but sellers held the upper hand in the Gilt-edged sector, which ended the day on a distinctly dull note. The latter made a steady to firm start, but short-dated stocks took a turn for the worse on talk that lines of stock were on offer outside the market. It transpired later that some of these had been put through the market and final losses in this area extended to ¼. The longs followed in the wake of the early maturities. Selling, however, was minimal, apart from fresh persistent small offerings of the tap, Exchequer 12 per cent, 2013-17 (£15 paid), down ¾ at 13¼, ahead of next Tuesday's £30 call. The Government Securities index lost 0.48 to 69.21 for a fall of 1.23 on the week.

Bear closing after the previous uninterrupted four-day slide in the Industrial leaders left the FT 30-share Index with a rise of 3.6 at 456.3, but still showing a loss of 14.3 on the week. Although there was little genuine interest and the majority of prices were barely tested, support was forthcoming for companies with large dividend covers, despite conflicting views on the abolition of dividend restraint. Annual results well in excess of market expectation from **John Brown**, up 26 at 372p, tended to help the general undertone.

The majority of second-line equities continued on a downward path, this being well illustrated by the 2—1 ratio of falls over rises in FT-quoted Industrials. Overall, it was a rather quiet day and official markings of 4,436 were the week's lowest.

Subdued by the latest reaction in the main funds, Corporations drifted a shade easier. The losses were usually limited to ⅛, although LCC 6¾ per cent 1988/90 shed ¼ to 67. Recently-issued scrips held their ground with the exception of Thursday's newcomer, Southend-on-Sea 12 per cent 1987, which eased ¼ more to 8¾, or 1¼ discount in £10-paid form: 91 per cent of this issue was left with the underwriters.

Rates for investment currency moved narrowly throughout. Small offerings released by arbitrage operations in overseas securities initially lowered the premium to 110¼ per cent, but it rallied late to 111½ per cent on the appearance of an enthusiastic buyer before reverting to the overnight level of 111 per cent. Yesterday's SE conversion factor was 0.6686 (0.6685).

Activity diminished in Traded Options and the total number of contracts done fell to 366 compared with the previous day's total of 647, which was the highest since the beginning of the month. GEC attracted a fair interest and nearly 100 contracts were done, while ICI and Shell followed with 50 and 45 respectively.

Banks mixed

Apart from **Barclays**, which edged forward 2 to 312p, the major clearing banks were inclined easier again although the losses were not on Thursday's scale. **Lloyds** and **NatWest** both closed 3 cheaper at the common level of 252p. A dull market since Monday's announcement of the proposed A$31m rights issue, **ANZ** picked up 3 to 278p. Elsewhere in Foreign issues, **Hong Kong and Shanghai** slipped 5 to 311p. Hire Purchases displayed no set trend following a thin trade. **Provident Financial** lost 3 more to 91p but **UDT** improved a penny to 36p and **Sterling Credit** put on 2 to 27p.

Against a quietly firm trend in Insurances, **Brentnall Beard** stood out with a reaction of 4 to 30p following adverse comment. **Eagle Star** hardened 2 to 139p, while **Guardian Royal Exchange** and **Sun Alliance** closed similarly dearer at 212p and 512p respectively.

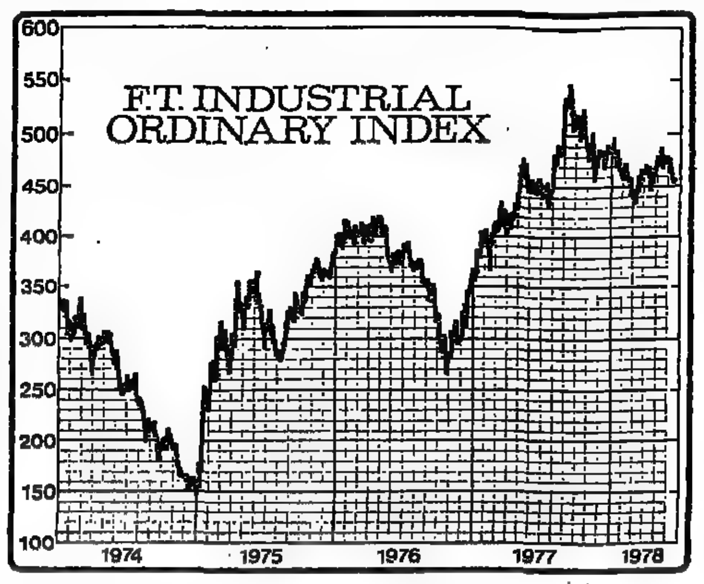
Breweries passed an uneventful session. **Guinness**, 163p, and **Bass Charrington**, 151p, closed without alteration, while **Allied** edged forward a penny to 84p. Distilleries provided a couple of dull spots in **Highland**, 3 off at 129p, and **A. Bell**, 4 easier at 226p.

Contracting and Construction issues held occasional small improvements and **French Kier** hardened a shade to 32½p, awaiting any developments at yesterday's annual meeting. **Tilbury Contracting**, recently the subject of bid speculation, held steady at 283p despite the denial of any approach, but in the absence of support, **George Wimpey** softened a penny to 75p. **Milbury** gave up 5 to 100p on continued profit-taking after the recent results, but **Vectis Stone** added a penny more to 31p for a two day rise of 6 since the interim results. **Wettern Brothers** shed 3 to 92p on the Board's rejection of the offer from **W. J. Glossop**, but firmed later to close that much higher on balance at 98p.

ICI regained Thursday's loss of 4 to close at 370p, while **Fisons** edged forward a couple of pence to 360p. Still awaiting the Office of Fair Trading's decision on whether or not to refer the bid from Tenneco to the Monopolies Commission, **Albright and Wilson** eased 2 to 176p.

In easier Televisions, **LWT A** softened 3 to 120p and **Trident** drifted fractionally lower to 45½p, the latter ahead of Monday's interim announcement.

The chairman's declaration at the annual meeting that the current year has started very well with substantial progress in both turnover and profits not only helped **Marks and Spencer** move forward 2 to 140p but also brought firmness to other leading Stores. **UDS** added a similar amount to 87p as did **Mothercare** to 156p. Elsewhere, **Henderson Kenton** improved a couple of pence to 78p, while further small buying in a thin market left **MFI Furniture** 4 up at 94p. **Audiotronic**, however, down a penny more at 20p, extended the loss since Tuesday's news of the capital raising proposals and unquantified French loss to 10. **Dixon Photographic** shaded 3 to 131p and **Cope Sportswear** dipped 2 to 81p. In Shoes, **Garnar Scotblair** came on offer at 93p, down 6.



Decca came on offer and in a limited market the Ordinary lost 18 to 430p, while the A fell a similar amount to 420p. **Racal Electronics** contrasted with another rise of 4 to 252p in further response to the better-than-expected preliminary figures, while gains of 3 were seen in leading Electricals such as **EMI**, 135p, and **GEC**, 255p.

Preliminary profits far in excess of expectations prompted a jump of 26 to 372p in **John Brown** and helped other Engineering leaders take a firmer line. **Hawker** picked up 4 more at 208p, while **GKN** added 3 at 231p. **Vickers**, however, failed to respond and lost a couple of pence more to a 1978 low of 163p. Secondary issues were generally out of favour with **Spirax-Sarco**, 150p, and **APV**, 200p, down 6 and 7 respectively. **Staveley Industries** declined 5 more to 268p, while similar falls were seen in **Braithwaite**, 135p, **Peter Brotherhood**, 134p and **Bullough**, 137p. **Baker Perkins** eased a penny more to 96p following comment on the disappointing results and **Sheepbridge** cheapened 2 to 69p on further consideration of the static second-half profits performance.

Following Thursday's slump of 24 on the final dividend omission shock and profits setback, business in **J. Lyons** became more evenly matched and the price finished 2 easier on the day at 74p, after 72p. Other Foods were idle and little changed. **Bernard Matthews** hardened 2 to 147p in the wake of the announcement that **J. B. Eastwood** had received a bid approach from an undisclosed party, while small buying in a restricted market raised **W. J. Pyke** 5 to 45p. **Kraft** edged forward ¾ to £39¾, but modest losses occurred in **J. Bibby**, 319p, and **United Biscuit**, 77p.

IC Gas lower

Miscellaneous Industrial leaders staged a modest end-account rally. Helped by bear closing, **Beecham** gained 7 to 637p and **Unilever** improved 6 to 520p, while **Bowater** closed 4 to the good at 196p. **Toye** continued firmly among secondary stocks as further speculative buying on bid hopes prompted a fresh improvement of 4 to 66p, after 68p, taking its rise on the week to 13½. Still drawing strength from Wednesday's favourable results and proposed rights issue, **Sutcliffe Speakman** firmed 4 to 62p and **Scapa** edged forward 2 to 98p on the better-than-expected results. Renewed selling ahead of next Tuesday's preliminary figures brought a further fall of 9 to 348p in **IC Gas**. **Leigh Interests** softened a penny to 165p in reaction to the rights issue announcement, while **Hunting Associates** declined 4 more to 203p. **Kelsey Industries** lost a like amount to 88p and **A. and R. Findlay** relinquished 2 to 34p.

Motors and Distributors were generally easier where changed. **Henlys**, at 130p, gave up a penny of the previous day's rise of 2 which followed the dividend-boosting rights issue proposal. **York Trailer** were dull at 59p, down 3, while more modest losses occurred in **Heron**, 132p, and **Wadham Stringer**, 40½p. Against the trend, **Reliant Motor** finished a shade better at 10¾p on the optimistic trading statement which accompanied the half-yearly figures.

News International, 5 higher awaiting the interim dividend, advanced a couple of pence more on the announcement to close a net 7 up at 250p. Other Newspaper issues made progress on scattered new-time buying. **Associated** firmed 6 to 160p and **Daily Mail A** 8 to 295p. Elsewhere, **Associated Book Publishers** advanced 14 to 237p as speculative interest revived but still ended a net 13 lower on the week.

Properties ended the account on a steadier note. The continuing bid discussions with an unnamed Continental group prompted late demand for **English Property**, 2 higher at 43½p, while leading issues held close to their overnight levels. Second line stocks encountered some new-time interest, particularly **Great Portland** and **Property Security Investment**, each a couple of pence higher at 284p and 140p respectively. **Warnford Investments** finished 5 better at 275p and **Bellway Holdings** put on 3 to 62p, the latter on revived takeover speculation, but occasional selling in a restricted market lowered **Imry** 5 to 310p.

Shell firm

British National Oil Corporation's significant oil discovery in the North Sea coupled with hopes of an end later this year to dividend restraint stimulated interest in Oils. **Shell**, which has a 24.5 per cent stake in the BNOC concession, advanced 17 to 547p, after 550p, with sentiment being also helped by dividend possibilities. **Oil Exploration**, which has an interest in a neighbouring North Sea block, put on 12 to 240p. In sympathy, **British Petroleum** were overshadowed and improved only 4 to 850p.

James Finlay, which recently announced an agreed £9.9m bid for Seaforth Maritime, a private Scottish energy service group, fell 8 to 367p. **Harrison and Crosfield**, at 475p, gave up the previous day's rise of 25 attributable to the chairman's statement.

Investment Trusts were easier for choice. **Channel Islands** capital fell 10 to 540p, while **Jardine Securities**, 136p, and **Jersey External Preferred**, 155p, lost 7 apiece. **London and Liverpool Trust**, however, closed a penny harder at 25p on the increased earnings. In Financial, renewed speculative demand lifted **Grimshawe** 3 to 25p and **Kakuzi** 5 to 115p.

Comment on the industry's problems failed to unsettle leading Shippings which fluctuated narrowly before closing at, or near, their overnight levels. **P&O Deferred** typified conditions and finished unchanged at 90p. Among secondary issues, **Walter Runciman** eased 2 to 76p; the company has acquired a 51 per cent interest in Liquid Gas Equipment of Edinburgh, a private concern specialising in liquid gas engineering.

Tobaccos ended on a firm note. **BAT Industries Deferred** edged forward 2 to 276p awaiting next Tuesday's interim statement, while **Rothmans International** finished a shade harder at 54½p and **Imps** a penny better at 76p.

Recently firm on domestic market advices, South African industrials met profit-taking with **OK Bazaars** and **Anglo American Industrial** both losing 10 to 440p and 565p respectively.

Warren, due to be quoted ex dividend on Monday, were bought for the gross dividend amount and closed 2 harder at a 1978 peak of 249p. Other firm spots in Plantations included **Guthrie**, 4 up at 272p, and **Assam Dooars**, 5 higher at 240p.

Australians rally

After losing ground throughout the week, owing to end-year tax selling in Australia coupled with continuing profit-taking Australian mining issues staged a strong recovery here yesterday following persistent "new time" buying.

Most of the interest was centred on the more speculative stocks. **Northern Mining** advanced 10 to 90p, **Pacific Copper** 5½ to 40p and **Metals Exploration** 4 to 27p.

Base-metal miners also attracted some good buying with **Conzinc Riotinto** 5 higher at 230p and **BH South** and **Western Mining** both 3 better at 109p and 143p respectively.

The Rundle oil shale partners recovered some of their recently lost ground with **Central Pacific** 10 firmer at 500p and **Southern Pacific** 5 to the good at 190p. On the other hand Uraniums eased further. **Pancontinental** gave up ¼ more to £12¾—leaving them £1¾ cheaper over the week, while **Peko-Wallsend** dipped 4 to 484p.

Outstanding in an otherwise subdued South African section were **De Beers**, which climbed 24 more to a 1978 high of 412p owing to heavy U.S. and Continental buying following a U.S. brokers' bullish circular; on Friday the shares were around 370p.

Anglo-American Investment Trust, which holds 26 per cent of De Beers, improved a point to a high of £42—a week's gain of £4.

A $1 recovery in the bullion price to $188.125 per ounce enabled Golds to register small scattered gains in quiet trading.

The Gold Mines index hardened 0.5 to 161.5—a rise on the week of 3.6.

After drifting throughout the day London registered Financials rallied towards the close. **Rio Tinto-Zinc** were finally 2 firmer at 221p reflecting the view that the recent downturn in copper had been overdone.

In Irish/Canadians **Anglo United Development** recovered strongly to close 31 better on the day at 215p, while **Sabina** recouped 4 to 62p, after 60p.

FINANCIAL TIMES STOCK INDICES

—	June 23	June 22	June 21	June 20	June 19	June 16	A year ago
Government Secs.	69.21	69.69	69.76	69.74	69.94	70.44	67.98
Fixed Interest	71.68	71.93	72.00	72.00	72.29	72.52	68.01
Industrial Ordinary	456.3	452.7	455.6	463.4	467.0	470.6	449.6
Gold Mines	161.5	161.0	164.8	164.2	160.1	157.9	110.9
Ord. Div. Yield	5.79	5.84	5.80	5.76	5.66	5.62	5.23
Earnings Y'ld % (full) (*)	16.74	16.86	16.76	16.48	16.31	16.39	15.79
P/E Ratio (net) (*†)	8.01	7.94	7.99	8.13	8.23	8.16	9.23
Dealings marked	4,436	4,898	5,057	4,771	4,480	4,241	4,435
Equity turnover £m	—	85.39	67.88	66.94	58.12	64.88	64.68
Equity bargains total	—	14,518	13,256	14,628	13,324	13,906	14,275

10 am 454.8. 11 am 453.1. Noon 453.7. 1 pm 454.8.
2 pm 455.5. 3 pm 455.3.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.82.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	June 23	June 22
—Daily		
Gilt-Edged	132.6	142.6
Industries	151.6	177.1
Speculative	39.7	46.1
Totals	101.0	111.5
5-day Average		
Gilt-Edged	152.1	156.0
Industrials	165.8	163.9
Speculative	39.9	39.4
Totals	107.6	106.7

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (22)

AMERICANS (1)
Int. Systems Controls

BUILDINGS (2)
Vectis Stone · Wettern Bros.

DRAPERY & STORES (1)

ELECTRICALS (1)

ENGINEERING (1)

FOODS (1)
Pyke (W. J.)

INDUSTRIALS (5)
Magnolia · Riley (E. J.) · Toye

INSURANCE (1)
Leslie & Godwin

PROPERTY (1)
Cap. Counties Wts.

TEXTILES (1)
Toray

TRUSTS (3)
Brazil Fund · Park Place Inv. · Utd. Capitals

RUBBERS (1)
Malakoff

TEAS (2)
Assam Dooars · Warren Plants.

MINES (1)
De Beers Defd.

NEW LOWS (43)

BRITISH FUNDS (19)
Treas. 11½pc 1979 · Treas. 12pc 1983
Treas. 10½pc 1979 · Treas. 9½pc 1983
Treas. 9pc 1980 · Exchqr. 10pc 1983
Treas. 8¼pc 1980 · Treas. 7¾pc '85-88
Treas. 9½pc 1981 · Treas. 12¼pc 1992
Exchqr. 8¼pc 1981 · Treas. 12pc 1995
Treas. Variable '81 · Exchqr. 10¼pc 1995
Exchqr. 9½pc 1982 · Treas. 13¼pc 1997
Exchqr. 9¾pc '82 A · Treas. 7¾pc 2012-15
Exchqr. 8¾pc 1983

BANKS (1)
NatWest

BUILDINGS (1)

ELECTRICALS (1)

ENGINEERING (3)

FOODS (3)
Highgate & Job · Nurdin & Peacock · Lyons (J.)

INDUSTRIALS (2)
Wilkinson Match · Kelsey Inds. 10pc Conv.

NEWSPAPERS (1)
Gordon & Gotch

PAPER (1)
Delyn

PROPERTY (2)
Land Investors · Second City

SHIPPING (1)
Runciman (W.)

TRUSTS (2)
Icelund (S.) · N. Throgmorton Inc.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 20	July 3	Sep. 14	Sep. 26
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24

For rate indications see end of Share Information Service

Stocks favoured for the call included Racal Electronics, Orme Developments, Caffyns, Dawson International, J. Lyons, Shaw Carpets, Montagu Boston Warrants, Ladbroke Warrants, Barker and Dobson, Wilson Walton, Shell Transport, English Property, KCA International, and Midland Bank. Puts were done in Brown and Jackson and H. P. Bulmer, while doubles were arranged in Lonrho, James Crean, Barker and Dobson and Mersey Dock Units. A short-dated call was transacted in J. Brown.

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	17	547	+17	586	484
De Beers Defd.	R0.05	13	412	+24	412	283
BP	£1	9	850	+4	892	720
Racal Electronic	25p	9	252	+4	254	196
Royal Insurance	25p	9	332	—	425	346
BATs Defd.	25p	8	276	+2	296	227
Barclays Bank	£1	8	312	+2	358	298
NatWest	£1	8	252	−3	298	232
Brown (J.)	£1	7	372	+26	376	231
Dunlop	50p	7	72	+1	90	71
Grand Met.	50p	7	103	−1	117½	87
GUS "A"	25p	7	266	−2	312	256
ICI	£1	7	370	+4	398	328
Lyons (J.)	£1	7	74	−2	111	72
Unilever	25p	7	520	+6	548	478

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced to-day in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
ICI	£1	65	370	−18	398	328
Shell Transport	25p	65	547	+7	586	484
BATs Defd.	25p	54	276	−20	298	227
BP	£1	53	850	−12	892	720
De Beers Defd.	R0.05	48	412	+41	412	285
Barclays Bank	£1	41	312	−13	358	298
Grand Met.	50p	40	103	−6	117½	87
Royal Insurance	25p	39	332	−18	425	346
Rank Org.	25p	36	238	−12	268	226
Distillers	50p	35	174	−7	187	163
GEC	25p	35	255	−7	278	233
HK & Shanghai	HK$2.50	34	311	−3	327	203
Lucas Inds.	£1	34	297	−13	318	240
Pilkington	£1	34	535	+15	545	422
Beecham	25p	33	637	−11	678	583

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	2	71	4	31	240	114
Corpns Dominion and Foreign Bonds	2	17	46	18	77	238
Industrials	192	402	944	768	2,516	4,406
Financial and Prop.	75	128	317	253	943	1,404
Oils	11	6	17	18	67	85
Plantations	6	7	19	37	23	100
Mines	40	23	62	203	202	220
Recent Issues	4	9	25	15	64	109
Totals	332	663	1,434	1,343	4,132	6,668

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	10 %
First London Secs.	10 %
First Nat. Fin. Corpn.	11 %
First Nat. Secs. Ltd.	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	9 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Accept'cs	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

LONDON TRADED OPTIONS

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS

INSURANCE, PROPERTY, BONDS

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	110.3	116.1	-0.1	—
Property Fd.	105.9	111.4	.....	—
Fixed Interest F.	106.4	112.0	+0.1	—
Gtd. Deposit Fd.	98.9	104.1	.....	—
Mixed Fd.	108.7	114.4	.....	—

Next Sub. day June 23.
For New Court Property see under Rothschild Asset Management

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs14.13	15.53	...	2.90
Bondselex	Frs12.90	13.08	...	—
Keyselex Int'l	£6.61	7.29	...	—
Keyselex Europe	£3.96	4.35	...	3.70
Japan Gth. Fund	$US25.21	27.11	...	—
Keyselex Japan	£12.74	13.92	+0.60	—
Cent. Assets Cap.	£133.85		+0.03	.....

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier Jsy CI 0534 73741

CMF Ltd May 25	$US[illegible]	12.64	...	—
CMT Ltd May 25	£12.58	12.90	...	—
Metals Tst June 18	£12.17	12.47	...	—
TMT June 8	$US18.57	10.85	...	—
TMT Ltd. June 8	£10.68	10.96	...	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US14.89 | ..... | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 454-459

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 20th June, 1978 (Base 100 at 14.1.77)
Clive Fixed Interest Capital 128.91
Clive Fixed Interest Income 114.90

INSURANCE BASE RATES
† Property Growth 9½%
† Vanbrugh Guaranteed .... 9 %
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
88	83	Ireland 7½pc '81-83	83xd	......	7½	11.96
91	79	Do 9¼pc 91-96	80¾	......	9¾	12.94
375	265	Japan 4pc '10 Ass.	365xd	......	—	—
87	70	Do 6pc '83-88	71½	......	6	11.10
160	145	Peru Ass 3pc	155	......	3	1.95
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	10.70
96	94	Uruguay 3½pc	96	......	3½	3.90

U.S. $ & DM prices exclude inv. $ premium

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
99⅝	98⅝	Exch. 5pc '76-78††	98⅞	......	5.06	9.37
105⅛	101 5/16	Treasury 11½pc '79‡‡	101 5/16	−1/16	11.35	9.43
97	94¼	Treasury 3pc '79‡‡	95⅝	+⅛	3.14	6.75
97⅞	95⅛	Electric 4¼pc '74-79	95⅝	+⅛	4.44	7.95
104 11/16	99⅞	Treasury 10½pc '79‡‡	99⅞	−⅛	10.51	10.52
96½	94¾	Electric 3½pc '76-79	96	......	3.65	6.54
103⅛	97	Treasury 9pc 1980‡‡	97	−½	9.28	10.95
102 13/16	97⅝	Treasury 9½pc '80‡‡	97⅝	−¼	9.73	10.90
95⅛	92⅛	Treasury 3½pc '77-80	93	−⅛	3.76	7.38
96½	93¼	Funding 5¼pc '78-80‡‡	93¼	−⅛	5.63	9.06
110¼	103 3/16	Exchequer 13pc 1980‡‡	103 3/16	−3/16	12.58	11.35
106¼	99 13/16	Treasury 11½pc 1981‡‡	100⅛xd	−1/16	11.49	11.43
91⅝	88¼	Treasury 3¼pc 1979-81	89	......	3.93	8.21
101¼	95⅞	Treasury 9¾pc 1981‡‡	95⅞	−⅛	10.17	11.51
97 3/16	92¼	Exch. 8¼pc 1981	92¼	−⅛	8.94	11.40
100¾	94½	Exch. 9½pc 1981	94 9/16	−¼	10.05	11.63
87 11/16	85⅝	Exch. 3pc 1981	86⅛	......	3.48	8.07
97 1/16	95⅞	Treas. Variable '81§§	95⅞	−1/16	10.05	10.79
111	102⅞	Exch. 12¾pc 1981‡‡	102⅞	−1/16	12.39	11.66
99⅜	91½	Treas 8½pc '80-82‡‡	91¾xd	−1/16	9.26	11.38
86⅝	83¼	Treasury 3pc '82‡‡	83½	−½	3.59	8.34
115⅞	106⅝	Treasury 14pc '82‡‡	106⅞	−1/16	13.10	11.64
96⅛	94⅞	Treas. Variable '82§§	94⅞	−1/16	10.15	11.27
96½	89⅝	Treasury 8¼pc '82	90 3/16xd	−3/16	9.15	11.35
100¼	91⅝	Exch. 9¼pc 1982	91⅝	−1/16	10.09	11.78
94¾	91⅝	Exch. 9¼pc 1982 A	91⅝	−1/16	10.09	11.81
96 13/16	90	Exch. 8¾pc 1983	90xd	−½	9.72	11.65
85¼	79⅝	Exch 3pc '83	79¾	−⅛	3.76	8.32
114¾	101	Treasury 12pc 1983‡‡	101	−⅜	11.88	11.70
Five to Fifteen Years						
100⅛	89⅞	Treasury 9½pc '83	89⅞xd	−½	10.23	11.83
15	13⅞	Exch. 10pc 1983 (£15pd)	13⅞	−⅛	10.56	11.56
89⅝	80⅞	Funding 5½pc '82-84‡‡	81⅛xd	−⅛	6.76	9.93
96⅞	86⅛	Treasury 8½pc '84-86‡‡	86⅞xd	−⅜	9.75	10.94
87½	77¼	Funding 6½pc '85-87‡‡	78⅜	−½	8.40	10.48
89⅝	79¾	Treasury 7¾pc '85-88‡‡	79¾xd	−⅜	9.64	11.13
69⅛	60⅛	Transport 3pc '78-88	61⅞xd	−⅛	4.85	8.80
75⅝	64⅛	Treasury 5pc '86-89	65¾	−⅛	7.72	10.35
115¼	101¾	Treasury 13pc 1990‡‡	102⅞xd	−¼	12.65	12.53
89⅜	77½	Treasury 8¼ '87-90‡‡	78⅞	−⅜	10.49	11.59
106½	92½	Treasury 11¾pc 1991	93⅞xd	−¼	12.46	12.66
75¼	63⅜	Funding 5¾pc '87-91‡‡	65	−⅛	9.03	11.13
112⅛	99	Treasury 12¾pc '92‡‡	99xd	−¼	12.76	12.77
96⅜	85½	Treasury 10pc 1992	87⅜	−⅝	11.91	12.47
113	98¾	Exch. 12¼pc '92	100¼	−¼	12.74	12.83
Over Fifteen Years						
110⅝	96⅛	Treasury 12½pc '93‡‡	97⅜xd	−¼	12.76	12.81
72⅜	60¾	Funding 6pc 1993‡‡	62¼	−⅜	9.91	11.55
120¼	104½	Treasury 13¾pc 1993‡‡	106⅝	−¼	13.05	12.92
128⅞	112⅜	Treasury 14½pc '94‡‡	114¾	−¼	15.17	12.96
114⅛	99⅝	Exch. 12½pc 1994	101⅝	−¼	12.84	12.88
89⅞	76¾	Treasury 9pc '94‡‡	78½	−½	11.61	12.19
106¼	93½	Treasury 12pc '95	93½xd	−⅝	12.70	12.82
51⅞	43⅛	Gas 3pc '90-95	43¾	−¼	6.93	10.05
95	83¼	Exch. 10¼pc 1995	83¾xd	−⅝	12.21	12.56
114⅜	98⅜	Treasury 12¾pc '95‡‡	100⅝	−¼	12.86	12.85
90½	76⅞	Treasury 9pc '92-96‡‡	78¼	−½	11.81	12.32
131½	114½	Treasury 15¼pc '96‡‡	116⅞	−¼	13.30	13.10
117⅞	101⅝	Exchequer 13¼pc '96‡‡	103⅞	−¼	12.95	12.90
50	42¾	Redemption 3pc 1986-96	42⅞	−¼	7.11	9.91
115¼	101⅜	Treasury 13¼pc '97‡‡	101¾xd	−¼	12.95	12.92
98⅜	86	Exchequer 10½pc 1997	88⅛	−⅝	12.42	12.67
88¼	74⅞	Treasury 8¾pc 1997‡‡	76½	−½	11.87	12.35
72¼	60	Treasury 6¾pc '95-98‡‡	61	−½	11.26	12.11
135⅛	118¼	Treas. 15½pc '98‡‡	120½	−¼	13.27	13.09
96¾	93⅛	Exch. 12pc 1998	95¼	−½	12.77	12.84
90½	77⅛	Treasury 9½pc 1999‡‡	77¾xd	−⅜	12.14	12.46
96¼	83¾	Treasury 10½pc 1999	85⅛	−⅝	12.50	12.69
42½	34¼	Funding 3½pc '99-04	35¼xd	−¼	9.88	11.16
80⅜	67⅝	Treasury 8pc '02-06‡‡	67⅞	−½	12.11	12.32
58¼	47½	Treasury 5½pc '08-12‡‡	47⅝	−⅜	11.96	12.19
76⅜	62⅞	Treasury 7¾pc '12-15‡‡	62⅞xd	−½	12.20	12.30
15	13¼	Exch. 12pc '13-17 (£15pd)	13¼	−¼	12.74	12.74
Undated						
37⅛	32½	Consols 4pc	32⅞	−¼	12.79	—
37⅛	29⅝	War Loan 3½pc‡‡	29⅝	−⅜	11.91	—
39¼	33	Conv. 3½pc '61 Aft.	33⅞	−⅛	10.59	—
28⅝	23⅝	Treasury 3pc '66 Aft.	24	−¼	12.86	—
24⅛	19¾	Consols 2½pc	20xd	−¼	12.46	—
24	19¼	Treasury 2½pc	20	−¼	12.88	—

**INTERNATIONAL BANK

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
88	82½	5pc Stock '77-82	84	−¼	5.95	9.77

**CORPORATION LOANS

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
98¼	94	Birm'ham 9¼pc '79-81	95	−¼	9.73	11.17
94¼	90	Bristol 7¾pc '79-81	90¼	......	8.59	11.28
107	100¼	G.L.C. 12½pc '82	101¼	−¼	12.34	12.07
112	103¾	Do. 12½pc 1983	104½	−¼	12.49	12.48
97¼	91½	Glasgow 9¼pc '80-82	91½	......	10.11	11.78
93	90¼	Herts. 5½pc '78-80	90¾	−¼	5.79	10.68
99½	97⅞	Liverpool 5¼pc '76-78	98 13/16	......	5.82	9.83
102½	90½	Do. 9¾pc '80-84	93½	......	10.54	11.51
29¼	25¼	Do. 3½pc Irred.	26½	......	13.36	—
100 3/16	99	Lon. Corp. 6½pc '75-78	99 7/16	......	6.54	10.53
99¾	91	Do. 9¼pc '84-85	93½	......	10.11	10.96
97¼	94¾	L.C.C. 6pc '76-79	95⅛	−⅛	6.31	10.47
92½	85¼	Do 5½pc '77-81	85¾	......	6.42	10.81
87½	76½	Do 5½pc '82-84	78xd	......	7.02	10.39
69	65¼	Do. 5½pc '85-87	68½	......	8.05	11.16
78	67	Do 6¾pc '88-90	67xd	−½	10.02	11.91
26½	22½	Do. 3pc '20 Aft.	23¼	......	13.19	—
93¾	91	Middx. 5¾pc 1980	91½	......	5.74	10.69
99½	95¼	Newcastle 9¼pc '78-80	95¾	......	9.66	11.42
106¼	101½	Warwick 12¼% 1980	102	......	12.25	11.45

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
100⅞	95⅛	**Aust. 5½pc '75-78	99⅞	......	5.58	10.10
95¾	92⅛	**Do. 5½pc '77-80	93¾	−¼	5.89	10.20
88¼	82¾	**Do. 5½pc '81-82	84½	−¼	6.61	11.01
99⅛	96¼	**N.Z. 4pc 1976-78	97⅜	......	4.11	9.96
96½	92¾	**Do. 6pc '76-80	94½	+¼	6.47	10.85
87¼	81¾	**Do. 7½pc '83-86	83¼	−¼	9.02	10.68
95½	91	Sth. Africa 9½pc '79-81	94¾	......	10.16	11.88
70	52	Sth. Rhod. 2½pc '65-70	53	......	—	—
96	81	Do. 6pc '78-81	82	......	—	—

LOANS

Public Board and Ind.

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
64½	58½	Agric. Mt. 5pc '59-89	60	......	8.31	11.45
90½	80¾	Alcan 10½pc '89-94	81¼xd	......	12.88	13.30
33¼	28½	**Met. Wtr. 3pc 'B'	29	−½	10.67	12.36
139	107	U.S.M.C. 9pc 1982	133xd	......	6.77	—
95½	88	Do. without Warrants	88½xd	......	10.17	12.60

Financial

1978 High	Low	Stock	£	+ or —	Yield Int.	Red.
107¼	102	**FFI 13pc '81	102	−½	12.75	12.06
110	102	Do. 14pc '79	104	......	13.82	13.00
114½	102½	Do. 14pc '83	104½xd	......	13.40	12.82
85	79½	ICFC 5½pc Deb. '80-82	82	−1	6.85	11.20
81½	73¾	Do. 6¼pc Db. '81-84	77	......	8.21	11.60
99	89½	Do. 10¼pc Uns. Ln. '86	92	......	12.05	13.00
99¼	90½	Do. 11pc Uns. Ln. '88	91½	......	12.71	13.40
101½	90½	Do. 11¾pc Uns. Ln. '90	94	+¼	13.31	13.70
71½	62⅞	Do. 7¼pc A Deb. '89-92	63xd	−1	11.51	13.00
71½	62	Do. 7½pc A Db. '91-94	63	−1	11.91	13.15
84½	73¾	Do. 9pc 'A' '91-94	74½	−½	12.51	13.30
81¼	70½	Do. 8⅞pc Ln. '92-97	72½	−½	12.88	13.40

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
20½	17	Antofagasta Rly	20½	......	—	—
34½	33	Do. 5pc Pref	34½xd	......	—	—
98	98	Chilean Mixed	98	......	3	£3.10
415	350	German Yng. 4½pc	405xd	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do. 6pc '28 Stab. Ass.	51	......	6	£6.00
44	40	Do. 4pc Mixed Ass.	43	......	4	£4.76
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	......	—	12.60

AMERICANS

1978 High	Low	Stock	£	+ or —	Div. Gross	C'vr	Y'ld Gr's
17⅞	13½	ASA	16⅞	......	80c	—	2.7
60½	60½	AMF 5% Conv. '87	60½	......	5%	—	—
31	22	Amax $1	27⅞	−½	$1.75	—	3.6
32	21¾	American Express	29	−¼	$1.40	—	2.8
33½	11	Amer. Medic. Int.	21¾	......	30c	—	0.8
15⅝	969p	Asarco Inc.	12⅛	......	40c	—	1.9

BANKS & HP—Continued

1978 High	Low
235	172
81	66
298	252
445	350
255	190
92	70
437	378
$9½	8¼
356	290
48	32
£24	£15
67	60

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div Net	C'vr	Y'ld Gr's	P/E
100	81	Hill Samuel	87	−1	4.90	—	8.8	—
600	375	Do. Warrants	375	......	—	—	—	—
327	203	Hong Shng. $2.50	311	−5	hQ59c	—	2.2	—
69	52	Jessel Toynbee	58xc	......	h3.27	—	8.5	—
190	160	Joseph (Leo) £1	190	......	†8.01	—	6.4	—
52	37	Keyser Ullmann	49	......	0.66	—	2.0	—
74	56	King & Shax 20p	56	......	3.39	—	9.2	—
114	92	Kleinwort B.L.	98	......	4.12	—	6.4	—
297	242	Lloyds £1	252	−3	9.09	5.5	5.5	5.1
50½	42	Manson Fin. 20p	45	......	†2.79	1.5	9.4	11.2
134	106	Mercury Secs.	110	......	3.39	—	4.7	—
*390	330	Midland £1	342	......	14.75	4.3	6.5	5.4
£92	£78½	Do. 7½% '83-93	£79xd	−½	Q7½%	21.1	f9.5	—
£95¼	£82½	Do. 10¼% '93-98	£84½	−½	Q10¼%	21.1	e13.1	—
64½	56	Minster Assets	56	......	3.55	2.5	9.6	6.4

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[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh. 50c	185	.....	Q50c	1.3	23.1
24	15	Rhod'n Corp. 16½p.	17	−½	0.56	7.1	5.0
80	52	Roan Cons. K4	73	+3	—	—	—
175	122	Tanganyika 50p	152xd	−6	Q10.0	1.2	6.6
90	78	Do. Pref. 80p	90xd	.....	Q9%	16.3	8.0
41	32	Wankie Col. Rh 1	36	.....	†Q7½c	1.4	17.8
16½	10	Zam.Cpr.SBD0.24	13	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	...	—	—	—
132	64	Bougainville 50 Toea	114	+2	Q8c	1.4	4.4
125	63	BH South 50c	109	+3	—	—	—
520	150	Central Pacific	500	+10	—	—	—
245	148	Conzinc Riotinto 50c	230	+5	Q10c	2.2	2.7
72	48	G.M. Kalgoorlie $1	54	...	—	—	—
138	61	Hampton Areas 5p	121	+1	1.45	4.1	1.8
40	10	Metals Ex. 50c	27	−4	—	—	—
220	125	M.I.M. Hldgs. 50c	194	...	Q9c	1.7	2.9
39	10	Mount Lyell 25c	30	—	—	—	—
6½	1½	Newmetal 10c	4½	+¼	—	—	—
143	79	North B. Hill 50c	119	+1	Q8c	1.5	4.2
16	8½	Nth. Kalgurli	15½	+½	—	—	—
178	117	Oakbridge $A1	165	−4	†Q11c	1.9	4.2
48	30	Pacific Copper	40	−5½	—	—	—
£14¾	750	Pancont'l 25c	£12¾	−¼	—	—	—
40	12	Paringa M&Ex 5p	38	+½	—	—	—
536	310	Peko-Wallsend 50c	484	−4	Q15c	4.0	1.9
300	50	Southern Pacific	190	−5	—	—	—
160	84	Westn. Mining 50c	143	+3	†Q6c	1.4	‡
70	35	Whim Creek 20c	50	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	.....	†2.51	1.6	15.2
360	240	Ayer Hitam $M1	355	.....	†Q16⅔	0.9	‡
60	45	Beralt Tin	53	.....	3.75	4.4	11.2
290	200	Berjuntai $M1	285	....	†Q110c	ϕ	‡
145	111	Geevor	132	.....	h4.51	3.4	5.2
10	8½	Gold & Base 12½p	9½	.....	—	—	—
290	220	Gopeng Cons.	285	....	15.0	0.9	8.1
165	130	Hongkong	165	....	—	—	—
93	78	Idris 10p	88	.....	12.0	1.6	21.8
11	10	Jantar 12½p	10	.....	—	—	—
75	68	Kamunting $M0.50	75	.....	‡Q15.5c	0.7	4.4
490	450	Killinghall	480	.....	Q125	ϕ	26.0
400	280	Malay Dredging $M1	395	.....	†Q95c	0.8	5.2
70	40	♦Pahang	69	....	†Q5.75c	0.5	‡
62	50	Pengkalen 10p	60xd	....	6.5	1.3	16.7
215	165	Petaling $M1	215xd	.	†Q80c	1.6	8.5
61	49	Saint Piran	50	.	¢1.99	4.6	6.0
61	47	South Crofty 10p	59	−1	h4.13	7.5	10.6
205	140	South Kinta $M0.50	200	−5	†Q77.8c	1.4	8.4
310	230	Sthn. Malayan $M1	310	....	†Q51.3c	1.1	9.1
226	134	Sungei Besi $M1	225	....	Q65c	ϕ	—
75	55	Supreme Corp. $M1	75	....	‡Q10c	—	2.9
100	85	Tanjong 15p	92	.....	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	96	.....	[illegible]	1.6	‡
220	148	Tronoh $M1	210	.....	‡Q88c	1.6	9.0

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	92	−2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p	14	....	—	—	—
300	220	Cons. Murch. 10c	245	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	395	+5	—	—	—
234	164	R.T.Z.	221	+2	9.5	2.8	6.5
90	30	Sabina Inds. C$1	62	−4	—	—	—
£12	750	Tara Explrn. $1	£10½	−⅛	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	180	.....	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ¢ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	23	.....
Ash Spinning	45	.....
Bertam	22	.....
Bdgwtr. Est. 50p	267	−3
Clover Croft	26	....
Craig & Rose £1	445xd	.....
Dyson (R. A.) A	37	..
Ellis & McHdy	61	.....
Evered	18	...
Fife Forge	50	...
Finlay Pkg. 5p	24	...
Graig Ship. £1	154	.....
Higsons Brew	78	.
I.o.M. Stm. £1	150	..
Holt (Jos.) 25p	263	.....
Nthn. Goldsmith	55	...
Pearce (C. H.)	165	
Peel Mills	20	..
Sheffield Brick	45	......
Sheff. Refrshmt.	52	.....
Sindall (Wm.)	100	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£90½	.....
Alliance Gas	73	.....
Arnott	340xd	.....
Carroll (P.J.)	96xd	+4
Clondalkin	94	−1
Concrete Prods.	130	.....
Heiton (Hldgs.)	44	.....
Ins. Corp.	148	.....
Irish Ropes	130	.....
Jacob	65	.....
Sunbeam	30	.....
T.M.G.	170	.....
Unidare	90	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1½
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P&O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	16	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Saturday June 24 1978

MAN OF THE WEEK

The art of selling

BY ANTONY THORNCROFT

THERE USED TO BE a rather malicious adage that in the world of the London salerooms Christie's were gentlemen trying to be businessmen, while Sotheby's were businessmen while trying to be gentlemen. If anyone could give the lie to this single handed it is Mr. Peter Wilson, the chairman of Sotheby Parke Bernet, who this week has been taking up his gavel to dispose of the sale of the century, the von Hirsch collection of works of art.

On Thursday morning alone Peter Wilson, or "PCW" as he is known in Sotheby's, knocked down 97 lots for almost £8.4m, a record for any session in the saleroom and equal to the total from last year's week-long Sotheby auction at Mentmore Towers.

Wilson shines with charm, ease of manner, and graciousness, the traditional attribute of the English gentleman, but beneath the surface there must lie other qualities. For in his 20 years as chairman of Sotheby's, Wilson has increased turnover from £6m-plus to approaching £150m this season, and through the take-over of the major U.S. salesroom, Parke Bernet, in 1964 ensured that Sotheby Parke Bernet is the international giant of the art world.

Peter Wilson: bids and deals

Wilson has always been a Sotheby's man through and through. He joined the firm in 1936 when a lack of shorthand curtailed a potential career as a journalist. By 1938 he was a director, and 20 years later chairman. He has worked through all the major departments and his connoisseurship is reckoned to be the equal of the top specialists at Sotheby's. But combined with the knowledge and experience there is a tremendous energy. Colleagues tell of being awakened at two in the morning with a Wilson idea and then four hours later with another. But the sweetness of the intrusion prevents any hard feelings.

Now, at 65, there are no thoughts of retirement and no apparent dimming of activity. "I think our success has been due to the fact that we have gone out and beaten the bushes and made London the art centre of the world." It has been the Wilson trips to overseas collectors to persuade them that London was the best place to sell that has formed the basis of the staggering growth: that, plus his contacts.

He was, for example, at school with Robert von Hirsch's stepson and first met the German collector in 1938. Sotheby's has been evaluating his works of art for years and it was no surprise that it should be selling it now on von Hirsch's death for a sum which will probably exceed £15m.

Wilson has very little private life. There is a house in the south of France but rarely the time to visit it. If he has a hobby it is gardening and, of course, collecting. He has a wide taste with a preference for European works of art. His favourite piece is a small Romanesque bronze. But it is Sotheby's that drives him on, visiting every cranny in the chaotic Bond Street headquarters, inquiring after the wives and children of employees, taking as many auctions as he can find time for, even very minor sales.

There is a determination and doggedness under the charm. Peter Wilson has managed to make Sotheby's in his own image—a centre for aesthetic appreciation and gentlemanly collecting, but, of course, it is really an auctioneers, making its profits from selling works of art for the highest possible price.

Wilson is famous for his quick decisions, but many must concern filthy lucre. He does not shy away from the connection. "If works of art fetched very, very little it would suggest that they were not of great significance in the world. But you cannot deal in art unless you have a deep love of it and faith in what you are doing."

In Wilson's case his love of art is equalled by his love of Sotheby's, and it is this obsession which has probably prevented a more public career. Although he regards von Hirsch as "the most important sale we have ever had, a landmark for Sotheby's and for art prices," he is still looking for the next one.

Chieftain tank engine criticised by MPs

BY LYNTON McLAIN

THE CHIEFTAIN main battle tank, which provides firepower on NATO's front line, has been "let down" by a history of faults on its Leyland engine, says a committee of MPs in a report yesterday which is also highly critical of the Ministry of Defence's role in the affair over the last 15 years.

The tank gun and range-finding equipment had a "first-class performance," the defence and external affairs sub-committee of the Commons Expenditure Committee says. This made it all the more unsatisfactory that the tank should so often have been "let down by its engine."

The Chieftain would be well over half-way through its 25-year active life before it had an engine to match its other assets, the MPs add.

The engine had failed regularly. BL, its manufacturer, had taken 16 years from the award of a Defence Ministry design contract in 1957 to get the engine to its intended power specification of 700 horsepower.

Production

The engine did not enter operational service until 1966. Even then, it could achieve only 650 horsepower and could not use petrol as specified in the original multi-fuel contract.

The British Army of the Rhine has 600 Chieftains on the East German border. Many are now relegated to an almost stationary role, as a result of changes in NATO strategy.

According to the report, it takes the soldier four hours to replace the engine and cooling unit compared with 30 minutes for the engine in a West German Leopard tank. The Ministry said it was not practicable to reduce the time without a major re-design.

In 1972, defects appeared on Mark 7 versions of the engine. These were traced to fuel injection timing and to a change made in the exhaust system by Leyland engineers to speed production.

These problems led to the first investigation of the engine by the Commons committee, which reported initially three years ago. In June, 1976, a second report said the frequent failures of the engine stemmed from faults that "went beyond those of normal wear and tear."

The source of these faults has now been identified, and the committee expresses "guarded optimism that the present programme of engine modifications appears to be meeting with success."

The main causes of engine failure were the cracking of cylinder liners, problems with the breakage of piston rings and failure of the seal between the cylinder liner and the cylinder block.

New designs, Mr. Fred Mulley, Defence Secretary, told the committee last year, had brought about a "significant increase" in the mileage between engine failures.

Performance figures have been deleted from the report, but the new parts have been incorporated in all new engines produced since April 1977, and in all reworked engines for the British Army since August last year.

Redesigned

All the Chieftain tanks being supplied to Iran would be powered by the Rolls-Royce 1,200 horse power diesel in a redesigned tank body.

The Ministry had told the committee it would not be worthwhile to fit the Rolls-Royce engine to British Chieftain tanks "because of the requirement for a replacement tank to be in service by the late 1980s."

This tank is already being designed.

The Chieftain saga "does not reflect well" on the Ministry, the committee says. "It is difficult to feel confident about the future performance of the engine in the light of subsequently unfulfilled assurances from the Ministry of Defence to the Committee of Public Accounts in June, 1975."

Tarling wins new right to appeal

BY MARGARET REID

THE FORMER chairman of the Singapore company Haw Par Brothers International, who had been due to be extradited on Monday to that country to face five charges won a temporary reprieve yesterday in the High Court.

Mr. Richard Tarling, 43, once a business colleague of Mr. Jim Slater, the financier, was given leave to apply for a fresh order of habeas corpus preventing his extradition.

Lord Widgery, Lord Chief Justice, sitting with Mr. Justice Talbot and Mr. Justice Watkins, said the case would be heard in the week beginning July 17. The date is expected to be July 20.

At Bow Street yesterday, Mr. Patrick Goodbody, a former Slater Walker executive, faced extradition proceedings brought by Singapore. Mr. Goodbody, who had surrendered to police shortly before the hearing, was remanded on £30,000 bail, half of it on the surety of his mother, Lady Goodbody.

In the High Court, Mr. Louis Blom-Cooper QC, Mr. Tarling's counsel, told the judges that Mr. Tarling's was one of those rare cases in which somebody facing extradition had a right to make a second application for a writ of habeas corpus.

The Lords ruling on April 19 that Mr. Tarling should not be extradited to face charges of dishonesty made it possible for him to claim that his extradition on the remaining charges—which did not involve allegations of dishonesty—was unjust or oppressive in view of the passage of time, said Mr. Blom-Cooper.

A statement

The Home Office had given an assurance that there would be no question of extraditing Mr. Tarling pending the hearing of the fresh application. Nor would Mr. Tarling take advantage of the adjournment to seek to quash the extradition order on the ground that he had not been extradited within one month of the Home Secretary's warrant.

Mr. Harry Woolf, counsel for the Home Secretary, submitted that there were no valid grounds for granting the application.

Mr. Goodbody, whose extradition has been sought since late 1976, was named in four charges of conspiracy brought by Singapore against Mr. Tarling and Mr. Jim Slater, former chairman of Slater Walker Securities—of which Haw Par was an associate—and in one other charge against Mr. Tarling. Mr. Slater was cleared by the Chief Metropolitan Magistrate of all charges against him and Mr. Tarling appealed successfully on all the five charges brought against him in which Mr. Goodbody also was named.

Last night, Mr. Goodbody, who lives in Ireland, said in a statement through Lovell White and King, his solicitors: "The charges brought against me by the Singapore Government, in respect of which my extradition is now sought, relate to a complex series of transactions which took place between 1972 and 1974 when I was a Slater Walker executive temporarily seconded to Hong Kong.

"I am advised that these offences were all considered by the divisional court and the House of Lords in proceedings against Mr. Tarling and that both courts found in Mr. Tarling's favour in respect of each of them.

"Furthermore, I was not a director of Haw Par Brothers International nor was I ever a resident of Singapore. Although I am not a resident of the UK, and have not been for some time, the extradition proceedings have been brought here by the Singapore Government and I am voluntarily submitting to the jurisdiction of the English court in order to clear my name."

Westland may send out 2,000 dismissal notices

BY ANDREW TAYLOR

WESTLAND AIRCRAFT is believed to be on the point of sending dismissal notices to 2,000 manual workers at its Yeovil helicopter plant where attempts to negotiate a new wage deal with them have entered a crucial stage.

Last week the group announced it was forgoing an interim dividend and warned shareholders that profits were likely to be disappointing in the current year because of the long-standing pay problems at the helicopter factory.

These have arisen because the company wants to end the piecework system of payments which apply to fewer than half the 2,000 manual workers. Attempts to negotiate a new agreement broke down this week and yesterday the company was preparing letters to be sent to all the manual workers.

It was understood that these were dismissal notices in which the workers would be offered their jobs back but under new terms. The management has made no secret that it intends to end the piecework system, which it says has pushed up the wages bill and caused dissatisfaction among other workers.

Westland has already given a warning that provisions made against its helicopter operations last year might be substantially increased in the current year.

This statement has caused concern among the company's institutional shareholders who had believed that the earlier provision made against a Ministry of Defence helicopter contract would not be repeated.

Since the group's warning about increased provisions, Westland's share price has fallen from its high of the year of 52p to 31½p. Last year, the group is thought to have made around a £5m provision against the helicopter contract.

This was to cover fixed-price elements in the helicopter contract which was negotiated in 1973, and also to cover the factory's rising wage bill.

Westland has explained that while not all manual workers are on piecework, it has faced problems because all manual workers' bonus payments are related to the piecework earnings.

It has been trying for some time to negotiate a new pay agreement to cover all manual workers.

Dollar weakens against yen

BY MICHAEL BLANDEN

THE DOLLAR renewed its recent decline yesterday after Thursday's temporary recovery, again hitting new low points against the Japanese yen.

In spite of further official support in Tokyo and other centres, the dollar at one stage dropped to Y206.3 in London. It recovered slightly in later dealings to close at Y207.5, down from Y211 on the previous day.

In Japan, Mr. Yusuke Kashiwagi, the president of the Bank of Tokyo, one of the leading foreign exchange banks, said the dollar could fall below Y200 at some future date. For the time being, however, he suggested that it would continue to move in the range Y200-Y210.

The further fall in the U.S. currency followed a week of sustained pressure, interrupted only on Thursday when the dollar was briefly helped by reports of U.S. plans to cut oil imports.

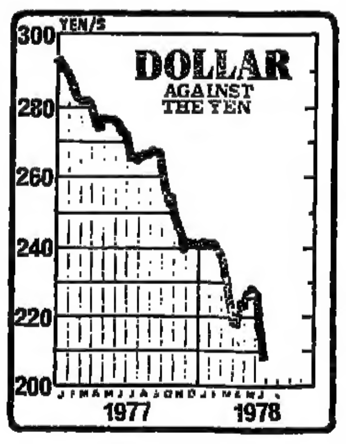
Over the week, the dollar has fallen from Y216, with the Bank of Japan maintaining a policy of only limited intervention to stabilise the market.

The Bank was reported to have bought about $40m (£22m) yesterday, a modest amount compared with total spot turnover in Tokyo of $660m.

Earlier in the week Mr. Teiichiro Morinaga, the Governor of the Bank of Japan, had hinted that there might be more active intervention if the rate fell towards Y200.

The weakness of the dollar has extended to other leading currencies. Yesterday the pound rose by 1.1 cents to $1.8490, though its effective index, showing its depreciation against a basket of other currencies, was unchanged at 61.4.

The weighted depreciation of the dollar widened from 6.3 per cent to 6.8 per cent, compared with 5.9 per cent a week earlier.



Firestone may recall 15m tyres

By John Wyles

NEW YORK, June 23.

FIRESTONE Tyre and Rubber may be ordered by the U.S. Government to recall 15m of its steel-belted "500" radial tyres because of an alleged basic defect.

The National Highway Traffic Safety Administration is understood to be close to alleging a basic defect in the tyre after an investigation prompted by about 2,000 consumer complaints.

In addition a House of Representatives sub-committee has received reports of 19 fatal accidents, causing 27 deaths and 31 injuries, which involved tyre bursts.

Firestone said to-day that it was confident that the 500 was without any basic defect. Any recall that would have to follow such a finding would be unwarranted. The 500 was the company's prime radial tyre and was marketed from 1972 until May of this year. None has been produced or sold in Europe.

The company, based in Akron, Ohio, has long argued that any incidents involving the tyre have been caused by owner neglect.

It has stressed the need to maintain proper inflation and to ensure that tyres and wheels are properly aligned.

The company has already had one brush with the safety administration over the 500 and successfully won a court order in March preventing the agency publishing results of a survey it conducted among 100,000 owners of the tyre.

Much to the agency's embarrassment, details of its findings subsequently found their way into print.

Weather

UK TODAY

COOL; some rain or showers in most areas. Sunny spells in S. Wales and southern half of England.

London, S.E., S.W., Cent. S. England, E. Anglia, Midlands, S. Wales, Channel Is.

Sunny intervals: showers, some heavy. Max. 16C (61F).

E., Cent. N., N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Highlands

Mostly cloudy, rain at times. Max. 13C (55F).

N. Wales, N.W. England, Lakes, Is. of Man, N. Ireland

Mostly cloudy, rain at times. Max. 12C (54F).

Moray Firth, Argyll, N.E., N.W., S.W. Scotland, Orkney, Shetland

Mostly cloudy, rain at times. Max. 11C (52F).

Outlook: Unchanged.

Pollen count: One (very low).

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	R	14	57	Luxembrg.	C	14	57
Athens	S	26	79	Madrid	S	22	72
Bahrain	S	31	88	Manchstr.	R	10	50
Barcelona	S	24	75	Melbourne	C	11	52
Beirut	S	27	81	Milan	F	23	73
Belfast	R	9	48	Montreal	C	16	61
Belgrade	S	25	77	Munich	F	22	72
Berlin	F	21	70	Newcastle	C	12	54
Birmshm.	R	13	55	New Delhi	C	29	84
Bristol	F	14	57	New York	S	24	75
Brussels	C	14	57	Oslo	C	16	61
Budapest	S	26	79	Paris	C	17	63
B. Aires	C	12	54	Perth	R	15	59
Cairo	S	38	100	Prague	F	22	72
Cardiff	F	14	57	Reykjavik	S	9	48
Chicago	S	23	73	Rio de J'o	S	24	75
Cologne	R	17	63	Rome	S	25	77
Copnhagn.	R	15	59	Singapore	S	30	86
Dublin	C	11	52	Stockholm	S	23	73
Edinbrgh.	C	12	54	Strasbrg.	C	17	63
Frankfurt	T	15	59	Sydney	S	15	59
Geneva	R	16	61	Tehran	S	25	77
Glasgow	C	13	55	Tel Aviv	S	27	81
Helsinki	R	15	59	Tokyo	R	21	70
H. Kong	C	30	86	Toronto	S	15	59
Jo'burg	S	16	61	Vienna	C	24	75
Lisbon	C	21	70	Warsaw	C	22	72
London	C	14	57	Zurich	C	15	59

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	23	73	Las Plms.	S	22	72
Algiers	S	30	86	Locarno	R	20	68
Biarritz	C	14	57	Luxor	S	46	115
Blackpool	C	12	54	Majorca	S	24	75
Bordeaux	C	17	63	Malaga	S	29	84
Boulogne	C	13	55	Malta	S	27	81
Casablnca.	F	21	70	Nairobi	S	21	70
Cape Town	S	18	64	Naples	S	24	75
Corfu	S	28	82	Nice	S	21	70
Faro	F	23	73	Nicosia	S	26	79
Florence	F	24	75	Oporto	C	17	63
Funchal	F	19	66	Rhodes	S	26	79
Gibraltar	S	22	72	Salzburg	F	22	72
Guernsey	S	14	57	Tangier	S	21	70
Innsbruck	C	22	72	Tenerife	S	18	64
Inverness	R	11	52	Tunis	S	29	84
I. of Man	R	10	50	Valencia	S	30	86
Istanbul	S	22	72	Venice	F	25	77
Jersey	S	13	55				

S—Sunny. F—Fair. C—Cloudy. R—Rain. T—Thunder.

Continued from Page 1

Steel

now leaving it because the electorate has clearly given it the thumbs down.

"Mr. Steel's threat to 'kill the Government' is yet another example of the Liberals seeking to take credit for what was going to happen anyway."

John Lloyd writes from Perth: The Scottish Liberals decisively rejected a motion proposed by Young Liberals, blocking any future deal with a Conservative Government.

The motion "deplored the idea" that the Liberals should help retain a Conservative Government in office, regarding the "present Conservative Opposition as racialist, repressive and illiberal."

Mr. Keith Aitken, chairman of the Scottish Young Liberals, said that the Right-wing of the Conservative Party was in control and that the Conservatives were "led by a woman with the driving ambition of a Richard Nixon but with fewer ethics."

THE LEX COLUMN

Burnt fingers in gilt-edged

Those who sneaked away from the City to Ascot in the past few days made the right choice: it has been a distinctly uncomfortable week in the stock market. The gilt-edged market has been suffering a nasty technical squeeze as the stags of the recent long tap issue Exchequer 12 per cent 2013-17 have tried to unload without having to put up the £30 call due next Tuesday. By last night, the final opportunity for selling on a £15 paid basis, disillusioned stags were only getting £13¼, and were consequently showing a loss of almost 12 per cent on their money.

The weakness has spread to equities, which after hovering for a number of weeks at just above 470—as measured by the FT 30-Share Index—have fallen back in a manner which has made some of the chartists nervous. On Thursday morning, in particular, some sizeable lines of stock were on offer, and though bear closing left prices a little higher yesterday the Index is off 14.3 points on the five days.

There are a number of strands to the bearish picture. One obvious point is that company results are still proving to be on the disappointing side—an extreme example being J. Lyons with its tiny profits and missed dividend. Secondly, fund managers are becoming less optimistic about the prospects for dividend freedom beyond the end of July, when current legislation expires. If further controls are introduced, the present reverse yield gap of getting on for 7 per centage points between long gilts and equities could leave shares looking vulnerable. Another problem is that short term interest rates are rising in the U.S. and the hoped for early cut in MLR here is looking less likely—the Treasury bill rate rose at yesterday's tender.

But there is one area of the stock market, the long end of gilt-edged, where a few optimistic voices are to be heard — Fielding, Newson-Smith, for instance, who yesterday turned strategically bullish. The argument is that good money supply figures will boost confidence once the current indigestion has been overcome.

Index rose 3.6 to 456.3

John Brown

After a period of disappointing results from big companies John Brown at least has not let the optimists down. For it has turned in a 113 per cent improvement in its pre-tax profits which now amount to £23.2m. This is comfortably ahead of the minimum of £20m previously forecast by the group and contrasts with profits of less than £2m two years ago when John Brown's fortunes were going through one of their (up to then) all-too-frequent bad patches.

A dramatic improvement has come about since then. John Brown is now left with term debt of only £6m against net assets of £60m, and has £15m cash in the bank to boot. Moreover, inflation accounting does not destroy the profits: on a Hyde basis the pre-tax figure is about £19m, against maybe £9m in 1977.

Almost £5m of the profit increase has come from gas turbines and specialist fabrication, where net margins have doubled to over 10 per cent, giving a total contribution of £7½m. Another £5m relates to the high risk / high profit engineering-process and construction side, which accounts for 40 per cent of group profits. All other areas have done well, with the exception of the machine tool division which, though absorbing a quarter of Brown's capital employed, contributes less than 10 per cent of profits.

However, John Brown does not expect such a pace to continue. Indeed, a 15 to 20 per cent increase at the pre-tax level seems more likely at this stage. This puts it on a prospective fully taxed p/e of only 4½. So the share price still has upward potential, especially since the company seems determined to increase the dividend substantially next year.

U.S./UK Tax Treaty

There were some baffling twists and turns in the U.S. Senate yesterday following the apparent failure to ratify the important U.S./UK double tax treaty. Whatever the rights and wrongs of the unitary tax system (which the treaty was expected to have banned) British companies operating in states like California are now faced with the possibility that they will have to make the best of it for a few more years.

But the suggestion that a fresh vote may be taken next Tuesday casts doubt on the whole matter. There is a possibility that negotiations are going on behind the scenes, and certainly the British Government is not wholly lacking in bargaining power.

Thus U.S. investors in Britain may continue to suffer heavier taxes, for they are threatened with the loss of the advantage offered by the proposed treaty to reclaim substantial tax credits on dividend remittances. It is estimated that such refunds would have amounted to around £50m annually, and there was also a retroactive payment due of at least £200m.

Most of all the imminent loss of the treaty threatens future trouble for multinational companies, whatever their country of origin. Unitary taxation of worldwide income is a plague theyw ant to prevent spreading outside the U.S. Indeed this treaty was to have been a model for others between the world's main trading nations.

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